

Congressional Budget Justification, FY2015



MILLENNIUM
CHALLENGE CORPORATION

UNITED STATES OF AMERICA

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Executive Summary

(in \$ millions)	FY 2013 Pre- Sequester/ Rescission	FY 2013 Post- Sequester/ Rescission	FY 2014 Enacted	FY 2015 Request
Total Appropriation	898.2	852.7	898.2	1,000.0
Compact Assistance	678.2	643.8	676.2	766.0
Threshold Program	15.0	14.3	20.0	30.0
Compact Development/Over sight: 609(g) and Due Diligence	95.0	90.2	92.0	94.0
Administrative Expenses	105.0	99.7	105.0	105.0
Office of the Inspector General	5.0	4.7	5.0	5.0

“And this reflects—is representative of my new approach when it comes to development. I believe that the purpose of development should be to build capacity and to help other countries actually to stand on their own feet—whether it’s in agriculture, in health systems, in electricity. Instead of perpetual aid, development has to fuel investment and economic growth so that assistance is no longer necessary, or some of the more successful countries in Africa can start being donors instead of recipients of assistance.”

President Barack Obama, Tanzania, July 2, 2013

The Millennium Challenge Corporation (MCC) is requesting \$1.0 billion for fiscal year (FY) 2015. The request is a \$101.8 million increase over the enacted FY 2014 level. The increase in funding is based on the opportunity to advance U.S. global development priorities in a limited number of countries that are already demonstrating their commitment to good governance and democratic values, increasing the potential for economic growth and poverty reduction.

When MCC was established in 2004, it was understood that the agency would require enough annual funding to incentivize reform, promote economic growth, and fight poverty. Achieving those goals will be difficult if the recent trend toward smaller compacts continues. MCC will require the requested funding

increase to achieve a more strategic and lasting impact on the economic development and public policies of countries the United States will look to as the emerging economic, political, and security partners of the 21st century.

The requested funding will enable the United States to enter into compacts with Liberia, Morocco, Niger, and Tanzania, once the countries have successfully developed compact proposals and upon approval by MCC's Board of Directors. These countries, home to nearly 100 million people combined, are among the world's poorest, but each has taken significant steps to improve governance and achieve eligibility for MCC compact assistance. The increase in funding will support significant compact investments in these countries to unlock key constraints to economic growth, incentivize policy and institutional reforms necessary for private investment, and improve the well-being of some of the world's poorest people.

By combining the prospect of significantly sized compacts with MCC's policy performance scorecard, MCC is able to incentivize change in countries without spending a single taxpayer dollar. For example, after MCC introduced the gender in the economy indicator, Cote D'Ivoire changed multiple laws in an effort to improve its score, advancing significant legal rights for women at no direct cost to the United States.

Through these investments, MCC will advance U.S. global development priorities in coordination with broader U.S. Government (USG) initiatives. For example, MCC employs an evidence-based decision-making process and has made efforts to publish its data in a manner that achieved a first place ranking in the 2013 Aid Transparency Index. The number one ranking reflects MCC's commitment to and investment in making data and information across its portfolio—on country selection, investment decisions, program monitoring, and independent evaluations—publicly available, so that the U.S. Congress and other stakeholders can hold the agency accountable and learn from its investments. The requested funding will continue that commitment and investment.

MCC also plans to explore creative financing mechanisms in new MCC compacts to link payments more directly to development results. Such mechanisms could include pay-for-performance, cash-on-delivery or other outcome-based payment approaches that fit within MCC's operational model.

MCC has identified lack of access to affordable and reliable power as a binding constraint to growth in three African countries with compacts in development: Ghana, Liberia and Tanzania. For example, Ghana completed an economic constraints analysis in June 2011 as part of the Partnership for Growth (PFG), which identified the power sector as the main focus for compact development. MCC projects will support physical assets to generate, transmit and distribute power and help improve financial mechanisms to leverage financing from private investors and independent power producers. MCC may also invest in power sector governance, institutional and regulatory reform, and other measures to reduce electricity distribution losses, improve reliability and access, and create an enabling environment for private investment in the sector.

MCC has worked closely with private sector enterprises, notably General Electric, that plan to make substantial investments as a result of the policy reforms and investments contemplated under MCC's planned compacts. These investments will also be coordinated with and supported by other USG agencies, such as the Overseas Private Investment Corporation and the U.S. Export-Import Bank.

In addition to the request of \$1.0 billion, the Administration is proposing \$350 million in resources for MCC as part of the \$56 billion Opportunity, Growth and Security Initiative included in the FY 2015 President's Budget. The resources in the initiative will enable MCC to take advantage of additional compact investment opportunities in Ghana, Liberia and Tanzania.

Compact Assistance

(in \$ millions)	FY 2013 Pre-Sequester/ Rescission	FY 2013 Post-Sequester/ Rescission	FY 2014 Enacted	FY 2015 Request
Total Appropriation	898.2	852.7	898.2	1,000.0
Compact Assistance	678.2	643.8	676.2	766.0

For FY 2015, MCC plans to use \$766.0 million for compact assistance to Liberia, Morocco, Niger, and Tanzania, which were selected by MCC's Board of Directors in December 2012.

The final budget levels for compacts with these countries will be determined by a number of factors, including the types of constraints to economic growth in each country and MCC's in-depth appraisal of project proposals.

The funding will enable MCC to submit compacts with these countries for Board approval during FY 2015, contingent on the countries' ability to develop timely investment proposals that will increase incomes for beneficiaries and be implemented within a five-year compact period. The final budget levels for compacts with these countries will be determined by a number of factors, including the types of constraints to economic growth in each country and MCC's in-depth appraisal of project proposals. Initial estimates for each country are below, and an overview of how MCC and an eligible country go from the initial analysis stage to negotiating the compact projects and budget, and to implementation is provided on the next page.

Compact Size Estimates (in \$ millions)

Country	Prior Years	FY 2014	FY 2015	Total
Ghana	300	275		575
Liberia		232	168	400
Morocco*	75	169	186	430
Niger			360	360
Tanzania**	398		52	450
Total	—	676	766	—

* MCC is statutorily limited from spending more than 25 percent of compact funding from each year's

appropriation on compact assistance to Lower Middle Income Countries (LMICs). As a LMIC, Morocco is anticipated to rely on approximately 25 percent of FY 2014 and FY 2015 compact funding. Of the prior year balances, \$45 million is from de-obligations that are anticipated to occur during FY 2014 and \$30 million is from funds previously identified for a threshold program with Tunisia .

** The Tanzania Compact will rely on \$398 million of prior year balances, \$250 million of which was previously designated for a compact with Benin (\$210 million from FY 2013 and \$40 million from FY 2012 funding). Also, \$66 million of the prior year balances is from de-obligations that are anticipated to occur during FY 2014.

In December 2013, the Board selected Lesotho as eligible to develop a proposal for a second compact. Lesotho successfully completed a five-year, \$363 million MCC compact in September 2013, which helped expand water supply for household and industrial use, strengthened the country's health care system and removed barriers to foreign and local private sector investment. MCC also supported the passage of landmark legislation in Lesotho that ended the second-class status of married women and granted spouses equal rights.

For further information on MCC's selection process, please see Appendix B. The remainder of the section provides updates on the countries listed in the table on the previous page, as well as El Salvador, Benin and Sierra Leone.

OVERVIEW OF MCC COMPACT DEVELOPMENT				
1 ANALYSIS	2 PROJECT DEFINITION	3 PROJECT DEVELOPMENT AND APPRAISAL	4 COMPACT NEGOTIATION AND SIGNING	5 PREPARATION FOR ENTRY INTO FORCE
THE ELIGIBLE COUNTRY... Names Compact Development Coordinator and establishes Compact Development Team Conducts analyses of constraints to economic growth, opportunities for private investment, and social constraints to poverty reduction Commences public consultations			THE PARTNER COUNTRY & MCC... Negotiate on technical and legal terms of compact agreement Sign compact, committing funds, defining program objectives, budget, monitoring and evaluation framework, and implementation arrangements	
MILLENNIUM CHALLENGE CORPORATION... Advises and assists with analyses Provides project design guidance			THE MCC BOARD... Considers compact program and agreement	
Consults stakeholders on potential projects Develops project proposals (Concept Notes and Concept Papers) based on preparatory analyses and MCC investment criteria			THE PARTNER COUNTRY... Establishes Millennium Challenge Account Accountable Entity Completes <ul style="list-style-type: none"> • Implementing Entity agreements • Annual budgets and implementation and project management plans • Terms of Reference and work plans for implementation and procurement Pre-qualification of consultants and contractors for early procurements	
Prepares detailed project proposals Consults stakeholders on project design and sustainability Begins establishing compact implementation structures				
Reviews Concept Notes and Concept Papers Approves projects for full development and appraisal Provides funding for feasibility, social, environmental, and other technical studies, as appropriate				
Conducts formal project appraisal Selects projects for approval May provide funding for and assistance with feasibility studies, environmental impact assessments, resettlement plans and other preparatory studies. Notifies Congress of its intent to enter into compact negotiations				

Ghana | Estimated \$575 million

Twelve evaluations are underway for the first Ghana Compact, including four impact evaluations, to assess its three projects in the agriculture, transportation and rural development sectors.

Selection: MCC's Board selected Ghana as eligible to develop a proposal for a second compact in January 2011. Ghana passed 17 of the 20 indicators in the FY 2011 scorecard. Since then, Ghana has maintained stable and strong policy performance and remains in the top five percent of all low income countries in the Ruling Justly category, which measures control of corruption, political rights, civil liberties, and other areas of democratic governance.

Compact Development Status: Ghana completed an economic constraints analysis in June 2011 as part of the PFG initiative. Based on the analysis, the Government of Ghana identified the power sector as the main focus of compact development. Following consultations with a diverse group of stakeholders, the government submitted project proposals in November 2012, focused on power sector investment, governance, institutional and regulatory reform, reducing electricity distribution losses, improving reliability and access, and creating an enabling environment for private investment in the sector. Ghana is a Power Africa country, and MCC has worked closely with private investors and operators, including U.S. and Ghanaian companies that plan to make substantial investments flowing from the policy reforms and asset investments contemplated under the compact to ensure compact interventions complement and encourage private investment.

A second compact in Ghana may present some of the best opportunities, not only for private sector engagement, but also for innovation in financing structures (like cash-on-delivery aid or performance-based aid mechanisms) as the need for action is clear, domestic political will within Ghana is building and the institutional framework for needed reforms is evident. The government and MCC have already agreed on the content and timing of the key reform agenda to support MCC and private Power Africa investment, including tariff reforms, assurance of gas supplies to fuel generation and more efficient utility operation.

MCC is working with the government and private sector investors and operators to refine the program with a goal of presenting the compact to the MCC Board for approval before the end of FY 2014.

Results of First Compact: From 2007 to 2012, Ghana successfully implemented a \$547 million compact that invested in three major projects spread across three regions of the country:

- The Agriculture Project focused on improving commercial agriculture for smallholder farmers by training over 66,000 farmers, assisting 1,700 agribusinesses and building 10 processing facilities to improve the quality and quantity of market-bound produce.
- The Transportation Project complemented the compact's agricultural investments by linking rural communities to markets to reduce transportation costs. More than 445 kilometers of trunk and feeder roads were completed, including an important section of the national highway around Accra.
- The Rural Development Project supported basic services for rural farm communities, such as drinking water, schools, electricity, and banking. More than 27,000 households were given access

to clean water, 250 schools that serve 41,000 students were constructed or rehabilitated and 547 rural bank branches now provide rural communities with access to the national payment system.

Twelve evaluations are underway, including four impact evaluations, to assess the compact's projects. The impact evaluation results of the Agriculture Project's Commercial Training Activity were released in the first quarter of FY 2013, describing the assessed impact of training on outcomes such as increased crop income, land cultivation, farmer access to credit, and farm employment. For example, in Ghana's northern region, farmers' annual crop income increased significantly relative to the control group above any impacts recorded in the other zones. The remaining evaluation results for Ghana are expected in FY 2014 and FY 2015.

Liberia | Estimated \$400 million

The \$15 million Liberia Threshold Program concluded with significant achievements in December 2013. It developed a first-ever national land policy, a girls' scholarship strategy to increase attendance and completion and actions to begin addressing the critical issues of World Trade Organization accession, intellectual property rights and sub-regional trade harmonization.

Selection: Liberia passed the MCC scorecard for the first time in FY 2013, after years of improvements to the country's economic governance and strengthening of its democratic institutions. Liberia has held two democratic elections since the end of the country's civil war. Liberia's efforts to combat corruption are widely recognized, including by MCC's control of corruption indicator, and the country has made significant macroeconomic management improvements in recent years.

Compact Development Status: Liberia is in the early stages of MCC compact development. The country's compact development team has completed its initial analyses on constraints to economic growth, private sector investment opportunities and social and gender inequality. These analyses suggest access to electricity and road transportation infrastructure as binding constraints to economic growth. MCC expects the Government of Liberia (GOL) to prioritize power and roads as areas for MCC compact proposals, consistent with the priorities in Liberia's recent Poverty Reduction Strategy, the Agenda for Transformation.

The constraints analysis for Liberia revealed very significant data gaps. For example, initial analysis indicated that land management could be a binding constraint, in addition to electricity and road transportation. Due to data limitations, the constraints analysis could not demonstrate conclusively that lack of property rights are a binding constraint, resulting in possibly lost opportunities to realize the potential for significant returns from investing in land management in Liberia.

Liberia's power and road infrastructure were significantly damaged during the 14-year civil war. Liberia has one of the lowest rates of access to electricity in the world with just 1.7 percent of the population having access, while those with access pay more per kilowatt hour than users in any other country on account of reliance on expensive diesel generation. With support from donor partners, Liberia is investing in new power generation capacity and is working to reform the legal and regulatory environment. Nonetheless, significant gaps remain to meet pre-war generation levels and assure transmission and distribution to the two-thirds of the population that live outside of the capital. Since Liberia is a Power Africa country, MCC's engagement, aligned with other USG agencies, during compact development will focus on supporting a strong policy, institutional and regulatory environment in the electricity sector to lay the necessary foundation for private sector investments.

Liberia has the least dense road network of any country in West Africa and very high road transport costs relative to neighboring countries. Lack of access to markets hinders economic activity, connection to social services and development of the agriculture sector. Many areas of the country are inaccessible during the annual rainy season, when an average of 200 inches of rain makes many of the network's unpaved roads impassable. The recent completion of a comprehensive roads master plan has attracted donor investment and will allow MCC to consider investing in priority segments.

Morocco | Estimated \$430 million

The GOM reacted in a comparatively peaceful and responsive manner to the Arab Spring and its wake, including expanding democratic rights. And Morocco is entering a period of enhanced economic transparency, including the expected passage of a results-based finance law, which reflects the government's interest in the MCC model of results-based, transparent management and its wider applicability to government investment programs.

Selection: Morocco was selected as compact-eligible in December 2012, passing 11 of 20 indicators.

Compact Development Status: The Government of Morocco (GOM) mobilized resources to start the constraints analysis process in April 2013. Given the GOM's interest in using this report to inform its economic development strategy beyond the potential MCC compact, the GOM invited the African Development Bank to support the process. Consultations on the findings of the constraints analysis as well as complementary social/gender and private sector analyses completed by GOM have been completed and the government is currently engaged in project definition, with concept notes anticipated at the end of March 2014.

Results of First Compact: From 2008 to 2013, Morocco successfully implemented a \$698 million compact that invested in the following projects.

- The \$338 million Fruit Tree Productivity Project assisted 110,500 farm households in shifting to more productive, profitable tree crops (olives, almonds, dates), sustainably managed soil and water resources, improved product quality, increased access to water, and strengthened links to national and international markets. Over 55,000 hectares of olive and almond trees have been planted for 40,000 beneficiaries, beginning production in new areas and preventing soil erosion. Over 660 kilometers of a new irrigation network have been constructed or rehabilitated, and 60 irrigation diversion works have been constructed, improving water and soil conservation for over 27,000 hectares.
- The \$123 million Small Scale Fisheries Project is beginning to improve the quality of this value chain for 15,000 small-scale fishers and for consumers; the quality of the fish moving through domestic channels is improving, and the project is ensuring the sustainable use of fishing resources at several coastal sites.
- The \$96 million Artisan and Fez Medina Project sought to stimulate economic growth by improving linkages between handicrafts, tourism and the rich cultural, historic and architectural traditions of the Fez Medina. While some activities under this project have faced significant implementation challenges, the Functional Literacy and Vocational Training Activity has been highly successful, training nearly 70,000 farmers, artisans and fishers in functional literacy.
- The \$44 million Financial Services Project has increased access to financing by providing subordinated debt through the Jaïda Fund, a non-banking financial institution launched in 2006 to provide loans for the micro-credit sector.
- The \$15 million Enterprise Support Project provided training and technical assistance to 588 small businesses and other income-generating activities newly created through existing government programs.

Four performance evaluations of different activities were completed in late 2013 and will be posted on

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MCC's website in the near future.

Niger | Estimated \$360 million

Niger was the first country to demonstrate that, with sufficient political will, countries can restore their MCC eligibility following suspension. Niger's constitutional reform, competitive elections and peaceful transfer of power to civilian government prompted MCC to reinstate Niger's threshold program eligibility in 2011.

Selection: Niger is one of the poorest countries in the world but has relatively strong policy performance, as indicated by two consecutive years of passing the MCC scorecard. In 2011, Niger was the first country to demonstrate that, with sufficient political will, countries can restore their MCC eligibility following suspension. Niger's constitutional reform, competitive elections and peaceful transfer of power to civilian government prompted MCC to reinstate Niger's threshold program eligibility. Since that time, Niger has pursued reforms to enhance democratic and economic governance and contributed to efforts to promote stability in the region. Niger has been a strong MCC partner in its threshold program, operating a dedicated program and policy analysis unit through both elected governments and even during its period of suspension.

Compact Development Status: Government of Niger (GON) officials, including President Mahamadou Issoufou, cabinet ministers, and the President's Chief of Staff, are engaged in the compact development process and are strongly committed to maintaining and improving performance on MCC's indicators. While the GON is clearly both knowledgeable about and committed to improving its MCC scorecard and developing a high-performing compact, institutional capacity constraints and the tenuous security situation may impact the timeline, amount or duration of compact development.

Niger recently completed the analyses of constraints to economic growth, the investment opportunities analysis and the social and gender constraints to poverty reduction analyses. The following issues are binding constraints on economic growth: 1) access to water resources for agriculture and livestock production, 2) government regulation of business and 3) regulatory and institutional barriers to cross-border trade. Preliminary stakeholder consultations designed to define specific projects, locations and beneficiaries are underway and will continue through April 2014, with more in-depth consultations continuing through the end of the year.

The GON and other stakeholders have indicated their desire to see MCC engage in the "Nigeriens Nourishing Nigeriens" (3N) Initiative, which aims to sustainably mitigate the negative impacts of climatic variability on Nigerien food security. Illustrative project activities in the context of MCC's analyses and GON priorities, such as the 3N Initiative, include a mix of tested interventions that are ready to be replicated or expanded, and innovations that would be rolled out as small-scale pilot activities:

- Community-level cash-on-delivery, cash transfers to individuals and/or households for large-scale labor-intensive reforestation and soil and water conservation activities, which are responsible for "re-greening" portions of the Sahel;
- Market-based scaling up of farmer-owned small-scale irrigation;
- Public-private partnerships to establish supply chain(s) of packages of high-impact, low-cost agricultural inputs such as drought resistant seed varieties and fertilizer that can dramatically increase rain-fed crop productivity;

- Nationwide land tenure project to implement the Rural Land Code and secure land rights for individuals, households and businesses;
- Pilot crop and/or livestock insurance;
- Improvements to and/or construction of relatively short sections of unpaved rural feeder roads to improve the efficiency of agricultural value chains;
- Support for education on, and dissemination of, seasonal climate forecasts and real-time pasture/surface water conditions;
- Cash-on-delivery for reforms related to trans-border trade and transport;
- Enhancing the impact of activities in agriculture by leveraging cell phone technology in combination with basic literacy training as a means of disseminating agricultural extension advice;
- Pilot Social Impact Bonds focused on key human capital development issues;
- Increasing the capacity of the GON to collect, analyze, utilize, and publicize data relevant to evidence-based development; and
- National-level integrated water resources management.

The instability in the surrounding region as well as GON's active support of regional counter-terrorism efforts put the country at risk for security threats that could hamper MCC's ability to develop and implement a compact. To ensure that MCC's investments are as effective as possible, the illustrative activities described above could be rolled out in a modular fashion and scaled up or down to attain optimal value notwithstanding adverse security developments. Moreover, targeted activities in filling key data gaps and developing local data capabilities would enhance optimal targeting and execution of these investments. These types of investments, which provide opportunities for Niger's poor, could help stabilize the country and contribute to enhanced regional security.

Tanzania | Estimated \$450 million

Tanzania's growth diagnostic highlighted constraints that stem from the lack of reliable electricity, among other concerns. Tanzania has worked on these constraints through the PFG joint country action plan and as a founding partner country of the Power Africa Initiative.

Selection: MCC's Board selected Tanzania as eligible to develop a second compact in December 2012. At the time, Tanzania passed 15 of the 20 eligibility indicators, with a particularly strong showing in the Ruling Justly category, which measures political rights, civil liberties and other areas of democratic governance. The Board reselected Tanzania as eligible in December 2013.

Compact Development Status: Tanzania completed an economic constraints analysis in FY 2012 under the PFG initiative. The growth diagnostic highlighted constraints that stem from the lack of reliable electricity and the limited network of market access roads, among other concerns. Tanzania has continued to work on these constraints through the PFG joint country action plan and as a founding partner country of the Power Africa Initiative. The GOT recognizes that considerable work will be needed to enhance reliability and reduce technical losses in its existing electricity network, expand opportunities for private energy investment and raise electricity access from the current level of approximately 17 percent of the country's population to Tanzania's 2015 access target of 30 percent of the population. In September 2013, the GOT submitted initial notes for projects to improve the technical, commercial and operational viability of the public power utilities, Tanesco and Zeco; expand access to modern electricity; and improve segments of the secondary road network that will help unleash the economic potential of key agricultural regions. These project notes were further refined in a revised submission in December 2013. In the coming months, the MCC team and its GOT counterparts will begin initial due diligence to aid additional program development and design.

Results of First Compact: From 2008 to 2013, Tanzania successfully implemented a \$698 million compact that invested in the following projects.

- The Transportation Project upgraded more than 465 kilometers of mostly primary roads throughout mainland Tanzania and Zanzibar to connect communities with schools and health clinics and increase the incomes of farmers and businesses by reducing transport costs. Additionally, the Mafia Island Airport was upgraded in order to increase its tourism potential.
- The Energy Project improved electricity coverage, primarily through new power transmission and distribution. Specifically, MCC funded a new 100 megawatt submarine power cable from the mainland to Zanzibar, approximately 3,000 kilometers of new or rehabilitated distribution lines as well as 25 substations and other infrastructure components in seven underserved regions.
- To address serious shortfalls in access to clean water that impact health and productivity of Tanzanians, the Water Project helped rehabilitate water intake and treatment plants and improved the existing distribution network in both Dar es Salaam and the city of Morogoro. These investments will result in an increase in treated water from 180 million liters per day to 270 million liters per day in the capital and 18 million liters per day to 33 million liters per day in Morogoro, benefiting 2.8 million people.

The first compact successfully closed in September 2013. Throughout implementation, the GOT was an

excellent partner, fulfilling its policy reform commitments and strongly demonstrating country ownership through its commitment to use \$132 million of its own funds to cover any cost escalation and to complete construction work that was not finished by September 2013.

MCC will conduct evaluations of each activity comprising the three projects. Within the Transportation Project, a performance evaluation of the airport upgrade on Mafia Island is underway, while the evaluation strategies for roads activities are undergoing further review. Within the Energy Project, performance evaluations of the Zanzibar Interconnector and Kigoma Solar activities are in progress, along with an impact evaluation of the Transmission and Distribution Activity. An impact evaluation of the Water Project in Morogoro and Lower Ruvu is being implemented. Baseline data for all activities has already been collected.

Additional Country Updates

El Salvador | \$277 million (Board-approved)

Selection: MCC's Board selected El Salvador as eligible to develop a proposal for a second compact in December 2011. El Salvador was reselected in December 2012 and passed 13 indicators on the FY 2013 scorecard, including strong performance on control of corruption and democratic rights.

Compact Status: MCC's Board of Directors approved the \$277 million compact in September 2013. MCC decided to defer signing of the compact to allow the Government of El Salvador time to undertake the reforms that are necessary to establish a policy environment that is conducive to a successful compact launch. MCC is monitoring progress on the crucial public-private partnership law and other reforms and will make a decision on the timing of compact signing accordingly.

MCC's Board of Directors approved the \$277 million compact in September 2013. MCC is deferring signing of the compact to allow the Government of El Salvador time to undertake the reforms that are necessary to establish a policy environment that is conducive to a successful compact launch.

In developing the compact, El Salvador completed an economic constraints analysis as part of the PFG process, finding crime and low productivity in internationally traded goods and services as binding constraints to growth. Consistent with the PFG Joint Country Action Plan, which establishes goals and activities to address the constraints, the proposed compact focuses on the goal of improving El Salvador's productivity in the international trade of goods and services by promoting a business-friendly institutional environment, investing in human capital and improving infrastructure.

- The Human Capital Project will enhance the competitiveness of El Salvador's labor force by improving the quality of education and better matching the skills demanded by employers.
- The Investment Climate Project seeks to catalyze investment by both streamlining El Salvador's regulations and fostering innovative partnerships between the government and the private sector. This will include eliminating burdensome regulations, implementing the public-private partnership law and matching private investments with public goods through the El Salvador Investment Challenge.
- The Logistical Infrastructure Project will address constraints on transportation efficiency by relieving bottlenecks along key transportation corridors for tradable goods and services.

By improving the quality of education, improving the business environment and reducing transportation and logistics costs, MCC's proposed investments are intended to increase the productivity of current firms, which will increase production and subsequently employment. Firms then invest new revenues in more productive technology to realize greater returns on future production. Through this self-reinforcing feedback loop, higher employment and output are expected over time.

Results of First Compact: El Salvador successfully implemented a \$461 million compact from 2007 to 2012. The compact focused on development of the impoverished northern region through three projects:

- The Connectivity Project rehabilitated more than 220 kilometers of a transnational highway to

help improve connectivity with the rest of the country.

- The Human Development Project provided over 33,000 households with electrical services, 7,190 households with improved water and sanitation services and 30,000 students with enhanced education through scholarships, improved educational facilities and teacher training.
- The Productive Development Project assisted an estimated 17,500 producers by providing training, seeds, equipment, and technical assistance. In addition, the project supported work to improve more than 23,500 hectares on which producers planted short-season vegetables and fruits and to improve pasture lands.

Ten evaluations are underway, including six impact evaluations, to assess these three compact projects. The interim impact evaluation results of the Productive Development Project's Production and Business Services Activity were released in the first quarter of FY 2013, describing the assessed impact of training and technical assistance on outcomes in three value chains (horticulture, dairy and handicrafts) such as use of improved practices, land cultivation, and farm income. The remaining evaluation results for El Salvador are expected in FY 2014 and FY 2015.

Benin (engagement is limited)

Selection and Limited Engagement: Benin was selected as eligible to develop a proposal for a second compact in December 2011. Benin was reselected in December 2012, having passed 11 of 20 indicators in the FY 2013 scorecard, including key indicators for control of corruption and democratic rights.

In December 2013, the Board discussed the fact that Benin did not pass MCC's control of corruption indicator, which is a hard hurdle for passing the scorecard, and therefore did not reselect them. After reviewing supplemental information on anti-corruption efforts in Benin, the Board urged MCC to pursue limited engagement. Under limited engagement, Benin may continue to develop compact investment proposals, but with less direct support and resources from MCC. The Board indicated that a compact will not be approved until Benin passes the scorecard. In addition, MCC will continue to engage with Benin on its efforts to improve performance in the policy areas measured by MCC's scorecard, particularly control of corruption.

Compact Development Status: In July 2012, Benin completed an integrated analysis of constraints to growth, drawing upon consultations with over 1,000 representatives of civil society, women's organizations, businesses, and local and national government. The constraints analysis found that the business environment, transport and access to energy were the principal constraints to growth. In April 2013, the Government of Benin (GOB) submitted project proposals focused on improving the business environment and enabling infrastructure to reduce the cost of doing business and improve competitiveness of agribusinesses in two focus regions. MCC initiated the appraisal and due diligence phase and, in July 2013, notified Congress of assistance under section 609(g) of MCC's authorizing legislation to support detailed design, pre-feasibility and feasibility studies.

Following the Board's decision to pursue limited engagement, MCC has redirected its efforts and is working with Benin on a more limited work plan for compact development. For example, MCC is proceeding with completing the analysis of the country's tax system and agricultural value chains but is delaying the preparation of a facility for enterprise development. MCC is also coordinating closely with the GOB as it seeks to improve its policy performance in critical areas. MCC has received a letter outlining specific steps that Benin will be taking to address MCC's policy concerns, including control of corruption.

Results of First Compact: Benin successfully implemented a \$307 million compact from 2006 to 2011 through the following four projects.

- The Access to Markets Project expanded the Port of Cotonou, a key transit point for Benin, Burkina Faso and Nigeria. MCC's investment was conditioned on the GOB competitively awarding the management of the wharf to a private operator, which ultimately resulted in a 25-year concession that is expected to generate \$1.5 billion in economic benefits for the country. The International Finance Corporation and Infrastructure Journal recognized the south wharf concession as a "top 40 public-private partnership" and with a "bronze" award among sub-Saharan African projects. The port was also awarded the gold prize of the International Association of Ports and Harbors Information Technology Award 2013 for systems modernization financed by the compact.

- The Access to Land Project had mixed results. While the certificates of rural landholding and title numbers fell significantly short of compact targets, the government continued titling after the compact ended, made significant progress in rural areas and passed the Land Code supported by the compact in January 2013.
- The Access to Financial Services Project finished in a largely satisfactory manner, including strengthening supervision of microfinance institutions and providing cost-sharing grants to support microfinance and entrepreneurship.
- The Access to Justice Project made improvements to Benin's legal and judicial environment through reformed court processes and a new code of administrative procedure, the construction of five courts, training of judges and clerks, the establishment of a public legal information center, and the establishment of additional one-stop shops for business registration.

Three performance evaluations and one impact evaluation are underway to assess Benin's four compact projects. The impact evaluation early results for Benin's rural land activities will be released in FY 2014 in collaboration with the World Bank. The evaluation focuses on changes in income, management of resources, conflict and land tenure. The remaining evaluation results for Benin are expected in FY 2015.

Sierra Leone (engagement is limited)

Selection and Limited Engagement: In FY 2013, Sierra Leone passed MCC's eligibility scorecard for the first time, passing 12 out of 20 indicators.

For FY 2014, the Board discussed the fact that Sierra Leone did not pass MCC's control of corruption indicator, which is a hard hurdle for passing the scorecard, and therefore did not reselect them. After reviewing supplemental information on anti-corruption efforts in Sierra Leone, the Board urged MCC to pursue limited engagement. Under limited engagement, Sierra Leone may continue to develop compact investment proposals, but with less direct support and resources from MCC. The Board indicated that a compact will not be approved until the country passes the scorecard. In addition, MCC will continue to engage with Sierra Leone on its efforts to improve performance in the policy areas measured by MCC's scorecard, particularly control of corruption.

Compact Development Status: In October 2013, Sierra Leone completed an economic constraints analysis, a supplemental social and gender analysis and an initial investment opportunity assessment, in each case drawing upon input from nationwide consultations with representatives of civil society, women and youth organizations, business associations, and local and national government stakeholders. Access to power, improved water and sanitation, rural and secondary roads, and government policy and institutional ineffectiveness were identified as binding constraints to economic growth.

In November 2013, the Government of Sierra Leone (GOSL) submitted initial project proposals focused on opportunities in the power and water and sanitation sectors, including support for infrastructure rehabilitation and expansion, for policy and institutional reform and for enabling private sector investment. In each case, needs are profound. Grid-based electrification is virtually non-existent outside of the capital city of Freetown (9 percent nationwide, 3.9 percent in rural areas) with households and business relying on expensive diesel-powered generators, resulting in extremely high power costs. Poor access to water and sanitation contributes to Sierra Leone's exceptionally high stunting and maternal, infant and child mortality rates, as well as high incidences of water-related diseases and associated costs.

Given the implications of limited engagement, MCC does not intend to directly fund feasibility or similar detailed design work. However, the MCC team is continuing to work with the GOSL to assess, shape and refine these initial proposals. In addition, MCC is actively working with the GOSL and its donor partners to coordinate efforts and leverage ongoing and pending studies that may inform or complement compact development.

Threshold Program

(in \$ millions)	FY 2013 Pre-Sequester/ Rescission	FY 2013 Post- Sequester/ Rescission	FY 2014 Enacted	FY 2015 Request
Total Appropriation	898.2	852.7	898.2	1,000.0
Threshold Program	15.0	14.3	20.0	30.0

The new Threshold Program entails a structured and disciplined diagnostic and design process. MCC begins with a rigorous analysis of the constraints to economic growth and the policies and institutions that reinforce those constraints to growth. MCC threshold program assistance supports government efforts at reform in these areas, which have the potential for the greatest impact on growth.

For FY 2015, MCC plans to use \$30.0 million to support the planned Nepal Threshold Program and threshold programs in up to two new countries to be selected by the Board in December 2014.

Background

MCC's first generation Threshold Program invested roughly \$500 million in 23 programs in 21 countries around the world. Twenty-one of these programs have been completed. Active programs in Niger and Timor-Leste are winding down, and the redesigned approach is currently being applied in three countries – Honduras, Nepal and Guatemala.

MCC's Threshold Program has been redesigned to assist countries to become compact eligible by challenging them to implement key policy and institutional reforms. If successfully implemented, these reforms will reduce constraints to faster economic growth and will provide MCC critical information about the country's political will and capacity to undertake the types of reforms and investments that would have the greatest impact in compacts.

Not all countries with threshold programs will be selected for compact eligibility; but for those that are, successful implementation of their threshold program will yield significant advantages for a potential future compact. For example, the partner country will likely have enhanced its ability to design and implement those investments that will generate the greatest results, and MCC will also have a head start on the work and relationship necessary to design a high-impact compact. In some cases, MCC may also be able to make early progress in longer duration reforms that ultimately enhance compact success, if the country becomes compact eligible.

The prospect of a compact will create incentives for countries to implement the targeted reforms of a

threshold program effectively and expeditiously, and provide MCC with important information about the country's commitment to reform.

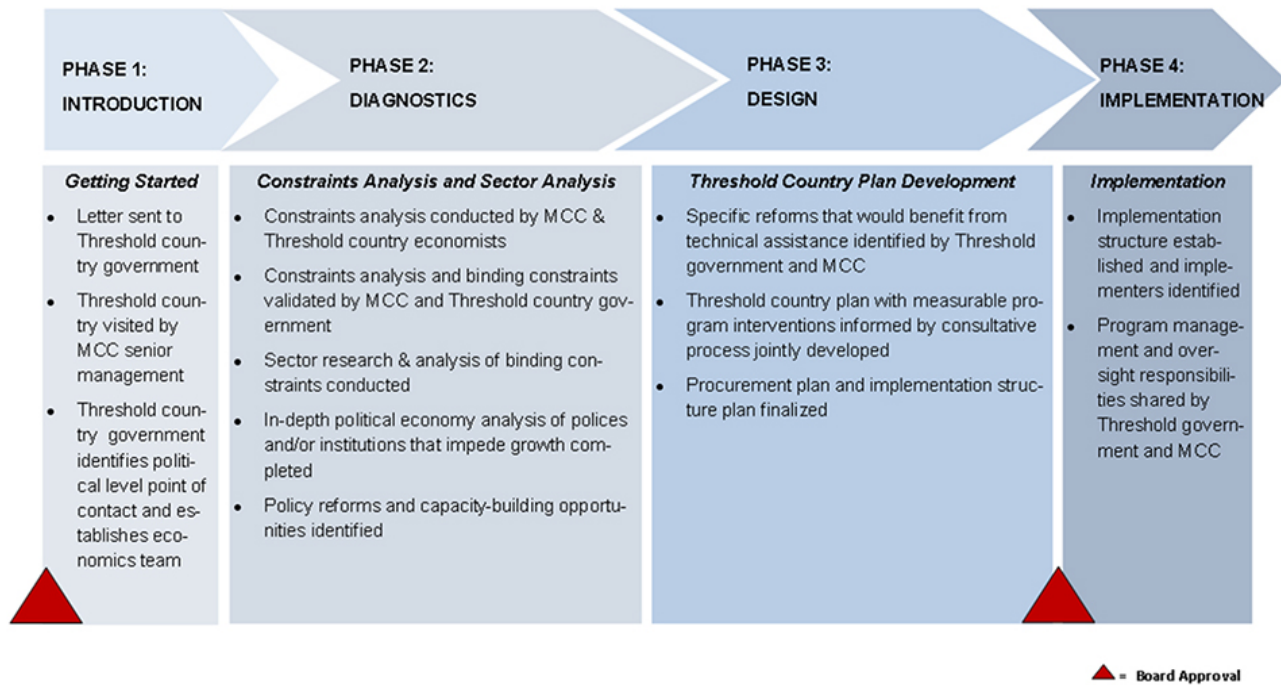
Threshold Program Updates

Honduras: MCC's Board selected Honduras as eligible for threshold program assistance in FY 2012, and approved a \$15.6 million threshold program in March 2013. The threshold program in Honduras will provide support to the government to undertake reforms to help improve government effectiveness over three years in two areas: public financial management and the efficiency and transparency of public-private partnerships. The public financial management component will address key weaknesses in planning, budgeting, procurement, payment, and audit. The public-private partnerships component will improve the government's weak capacity for both the development of partnerships and the oversight of concessions once they are awarded.

Nepal: MCC's Board selected Nepal as eligible for threshold program assistance in FY 2012. A threshold program in Nepal will address underlying binding constraints to economic growth in a country that continues to make slow but steady progress in further institutionalizing democratic governance and reforming its economic governance. The constraints analysis identified four binding constraints to economic growth in Nepal: (1) policy implementation uncertainty exacerbated by the protracted political transition; (2) the inadequate supply of electricity; (3) the high cost of freight transport; and (4) outdated labor laws and challenging industrial relations. An MCC-led team is working with the Government of Nepal to develop options to provide technical assistance to support reforms in the power or transport sectors.

Guatemala: MCC's Board selected Guatemala as eligible for threshold program assistance in FY 2013. A threshold program in Guatemala will address underlying binding constraints to economic growth and reduce historical inequalities that led to high poverty in a country that has recently shown progress, but needs further effort, in improving the rule of law and human capital. A joint team of MCC and Government of Guatemala economists is finalizing an analysis of the constraints to growth that will inform the development of the government's reform efforts.

Phases of Threshold Program Development



Compact Development and Oversight: 609(g) and Due Diligence

(in \$ millions)	FY 2013 Pre- Sequester/ Rescission	FY 2013 Post- Sequester/ Rescission	FY 2014 Enacted	FY 2015 Request
Total Appropriation	898.2	852.7	898.2	1,000.0
Compact Development/Oversight	95.0	90.2	92.0	94.0
609(g) Assistance	23.0	21.4	20.0	19.0
Due Diligence	72.0	68.8	72.0	75.0

For FY 2015, MCC plans to use \$19 million for assistance under section 609(g) of MCC's authorizing statute and \$75 million for due diligence to support programmatic oversight, quality control and other support for compacts in development and implementation, as well as post-completion work, such as data and evaluation.

MCC has found that a detailed focus on pre-compact planning, oversight and post-compact evaluation is critical to the success of compacts and ensuring that MCC, our partner countries and the development community are able to take advantage of the learning opportunities inherent in MCC programs.

The \$94 million in funding will help the compacts in development with Liberia, Morocco, Niger, and Tanzania to reach Board approval by the end of FY 2015, MCC's oversight for the compacts in implementation during FY 2015, the close-out of compacts with Senegal and Moldova at the end of FY 2015, and compact development with any new partners selected in December 2014.

The funding will also support threshold programs with Guatemala, Honduras and Nepal, and up to two new threshold program partners selected in December 2014.

609(g) Assistance

Although assistance provided under section 609(g) of MCC's authorizing statute only represents 2 percent of MCC's overall base request, this assistance is critical for compacts to succeed. MCC uses 609(g) assistance for key project preparation work such as feasibility and environmental impact studies, engineering designs, baseline surveys, financial management and procurement technical assistance, and other specialized analysis to help MCC determine the final suitability and scope of investments, costs, implementation risks, and mitigation measures. Such analysis also ensures that partner countries develop projects that will provide returns on MCC's investment and can be implemented within the fixed five-year

timeframe.

Due Diligence

Due diligence funds allow MCC to obtain sufficient information to evaluate, assess and appraise projects during compact development, effectively oversee and monitor compact implementation, conduct quality assurance, and then evaluate the results of a compact project once complete.

Due diligence funds enable MCC to operate on a lean administrative budget relative to the size and diversity of its investment portfolio. Rather than permanently hiring technical experts whose services might be underutilized in the long term, MCC uses due diligence funds to procure technical expertise when strictly necessary to support compacts in development and implementation.

Due diligence funds also enable MCC to continue to operate on a lean administrative budget relative to the size and diversity of its investment portfolio. Rather than permanently hiring technical experts whose services might be underutilized depending on the mix of projects MCC oversees at a given time, MCC uses due diligence funds to procure technical expertise when strictly necessary to support compacts in development and implementation.

Due diligence funds supported MCC's first set of independent impact evaluations, released in FY 2013, which were designed to use rigorous statistical methods to measure changes in beneficiary income related to farmer training activities. The impact evaluations provided encouraging news about program successes:

- The average completion rates for output and outcome targets were: 103 percent for Ghana, 103 percent for Armenia, 112 percent for Nicaragua, 131 percent for El Salvador, and 158 percent for Honduras.
- In El Salvador, the evaluators found that dairy farmers doubled their farm incomes.
- In Ghana, northern region farmers' annual crop income increased significantly relative to the control group above any impacts recorded in the other zones.
- In Nicaragua, project participants' farm incomes went up 15 percent to 30 percent after two-to-three years of project support.

The impact evaluations also offered valuable lessons on how MCC can improve by underscoring the challenges associated with producing and measuring changes in household income.

Due diligence funds also support the data and some of the technical expertise for calculating economic rates of return for compact investments. Economic modeling done after compact closeout helps to demonstrate that MCC is making cost effective investments. Through pre-investment economic modeling of expected economic rates of return, MCC chooses which investments are most likely to pay off in terms of generating benefits (increased income for program beneficiaries). MCC also estimates at project closeout final expected return rates.

MCC has completed closeout expected rates-of-return models for 16 projects so far, and in 13 of these the expected rates of return were greater than 10 percent. This means that for every dollar invested, the expected value of the returns is at least \$1.10 and may be as high as \$2.60.

Administrative Expenses

(in \$ millions)	FY 2013 Actuals*	FY 2014 Enacted	FY 2015 Request
Total Appropriation	852.7	898.2	1,000.0
Total Admin Budget	99.7	105.0	105.0
Human Capital	51.6	54.2	55.3
Training	0.5	1.2	1.2
Overseas Operations	13.9	14.1	16.7
Contracted Services	8.6	8.6	9.8
Information Technology	9.2	12.8	12.7
Rent, Leasehold & Improvements**	9.7	6.6	1.1
Travel	5.1	6.3	6.9
Other Admin***	0.8	1.2	1.3

* The FY 2013 admin budget totaled \$99.7 million, but the column adds to \$99.4 million, due to \$0.3 million remaining unspent at this time.

** Please note that the rent costs above differ from new lease justification materials previously submitted to Congress due to the timing of the payments for each year. Clarification is provided in the “Rent” section herein.

*** Other Admin includes funding for translation services, printing, MCC Board expenses, representation funds, and other minor administrative expenses.

In FY 2015, MCC plans to use \$105.0 million for administrative expenses. The flat administrative expenses budget reflects MCC’s focus on gaining efficiencies while at the same time making necessary, prudent investments that increase overall productivity and organizational effectiveness.

Important investments in FY 2015 are addressed in this section, including human capital and overseas operations, which comprise 68.6 percent of MCC’s administrative budget.

Human Capital

MCC plans to use \$55.3 million in FY 2015 for human capital, a 2.0 percent increase from FY 2014. Given the budget constraints for FY 2015, MCC will seek to maintain an average annual headquarters full-time equivalent (FTE) level of 274, despite increasing program needs. MCC froze its salary tables for calendar years 2011, 2012 and 2013, and revised them to effectively compete for talent based on Executive Order 13655, which adjusted pay rates for calendar year 2014 throughout much of the Federal government.

FTE	FY 2013	FY 2014	FY 2015
Washington, DC Headquarters	268	272	274
Overseas	25	25	24
Total	293	297	298

MCC is a performance-based organization, and MCC employees do not receive automatic pay raises when the General Schedule for pay overseen by the Office of Personnel Management is increased or step increases based on years of service. Employees must work at MCC at least 90 days before the end of the fiscal year to be eligible to receive performance merit increases based solely on the prior year's performance.

Additionally, MCC provides a standard package of benefits that is commensurate with other USG entities. Based on prior years' actuals, total benefits for FY 2015 are expected to cost an average of 27 percent of salary.

While MCC continues to maintain a very small in-country footprint of only two U.S. direct hire staff and three locally engaged staff, the cost of maintaining this staff continues to face upward pressure.

Overseas Operations

MCC plans to use \$16.7 million for overseas operations in FY 2015. While MCC continues to maintain a very small in-country footprint of only two U.S. direct hire staff and three locally engaged staff, the cost of maintaining this staff continues to face upward pressure.

International Cooperative Administrative Support Services (ICASS) and Capital Security Cost-Sharing (CSCS) costs to support overseas staff are expected to increase due, in part, to the Department of State's need to maintain and operate newer embassy compounds. Also, starting in FY 2015, the Department of State will implement its new Furniture and Appliance Pool (FAP) Policy. Participation in overseas posts' furniture pools will result in significantly higher furniture buy-in costs and subsequently higher ICASS charges for MCC. However, MCC has successfully argued for an exemption of the annual assessment fee because of its short-term (less than seven years) presence in-country.

ICASS, CSCS and other fixed overseas expenses result in an average annual cost of approximately \$500,000 to maintain an MCC employee overseas at a U.S. Embassy. Such costs include office space, housing, support services, locally engaged staff, educational allowances and other family costs, home leave, in-country travel, consultation travel, medical evacuations, information technology support, relocation, storage of household effects, and security.

MCC will complete two compacts during FY 2014 (Burkina Faso and Namibia), which will impact overseas spending through relocation charges for travel and shipping in FY 2015, during and immediately after the compact closeout period. Also in FY 2015, MCC is budgeting for establishing in-country presences for four new compacts. In addition to relocation travel and shipping charges for eight U.S. direct hire staff and their families, MCC will incur one-time startup costs for office furniture and equipment, residential furniture, official vehicles, transfer allowances, and other costs.

Other Administrative Investments and Cost Controls

Although human capital and overseas operations comprise 68.6 percent of the administrative budget, MCC is making sound investments and controlling costs in other administrative areas, including information technology (IT) and rent.

Information Technology: MCC plans to use \$12.7 million to maintain and invest in IT for FY 2015. The request will support a variety of activities, including the following:

- Continuation of steady state operations and maintenance support, including contract support for all MCC network services, telecommunications, video conferencing, end user support, voice services support, and security operations as well as infrastructure support for mission critical applications.
- Applications development and maintenance, to include the MCC MIS and SharePoint systems development. To harness data to improve agency results and to use high-quality evaluation to address important policy and program issues, MCC requires the extensive data available from compact evaluations, compact finances and MCC financial, contracting and grant data to analyze and answer questions about MCC program activities housed in these systems.
- MCC program management and project management that will ensure high-quality, low-cost evaluations and rapid iterative experimentation. This funding includes support for enterprise architecture and capital investment, another agency-specific need that will significantly improve MCC's capacity to use or build evidence to achieve better results or increase cost-effectiveness in high priority programs. In addition, MCC expects to complete activities initiated in FY 2014 and continuing into FY 2015, including transition of services to the cloud, such as file storage and collaboration tools (e.g., SharePoint).
- Increased effort on Open Data. So much of MCC's work is rooted in the use of data and evidence to underpin MCC's investments. The data itself have significant value when provided in an open machine-readable format where third party developers can enhance the work of MCC through transparency, public participation and collaboration. MCC's open data efforts have put the agency in the forefront of this movement. MCC is also modernizing its public website. This funding will support efforts to make all of MCC's data open through a data.mcc.gov portal, building on the transparency MCC provides through its current website and foreignassistance.gov. The modernization includes the continued delivery of scorecards and harnessing data to improve agency results for multiple purposes. MCC expects that its approaches to providing data will help with knowledge-sharing within and outside of the agency and will make the data more readily consumable for related research from a variety of communities in the international development field and with a variety of devices.

Rent: As a result of a thorough space needs analysis and a competitive bidding process, MCC will lower

its headquarters rent cost by \$30 million over the course of its new ten-year lease, which was signed in February 2014, and will begin in May 2015. As noted in the overview, the rent displayed in the new lease justification materials previously submitted to Congress differs from this section's table due to the timing of the payments for each year. The actual cost of rent is \$8.3 million for FY 2013, \$8.4 million for FY 2014, and \$6.2 million for FY 2015, which only covers part of the year due to MCC's leases expiring. In order to pay rent for FY 2013, \$5.5 million was paid before the start of FY 2013 and \$2.8 million was paid during FY 2013. The remainder of payments in FY 2013, \$6.9 million, paid for rent for FY 2014. During FY 2014, MCC will pay the balance due for FY 2014, \$1.5 million, and will pay \$5.1 million toward rent for FY 2015. During FY 2015, MCC will pay the \$1.1 million outstanding for the remainder of its current leases. Under the new lease, the rent for FY 2015, as well as other costs associated with the move, will be paid from prior year administrative expense balances.

Office of the Inspector General

(in \$ millions)	FY 2013 Pre- Sequester/ Rescission	FY 2013 Post- Sequester/ Rescission	FY 2014 Enacted	FY 2015 Request
Total Appropriation	898.2	852.7	898.2	1,000.0
Total Inspector General Budget	5.0	4.7	5.0	5.0

The Office of the Inspector General is requesting \$5.0 million for audit expenses in FY 2015.

The USAID Office of Inspector General will continue to conduct financial and performance audits and reviews of MCC and Millennium Challenge Account entity activities, as well as oversee and review the annual external audit of MCC.

Opportunity, Growth and Security Initiative

In addition to the base request of \$1.0 billion, the Administration is proposing \$350 million in resources for MCC as part of the \$56 billion Opportunity, Growth and Security Initiative (OGSI) included in the FY 2015 President's Budget.

The initiative includes additional resources for MCC because of the agency's strong commitment to evidence and evaluation and impact-based budgeting. These supplemental funds will focus on bolstering MCC's key role in establishing enabling environments overseas where U.S. and other businesses can compete and win. MCC works with partner countries to reform laws, policies and institutions so as to create a pro-business climate, while investing in projects such as transportation infrastructure and vocational training to enhance workforce skills that will have the greatest impact on economic development and poverty reduction. In addition, MCC's compact procurements are fair and open, without geographic preferences, thus ensuring a level playing field for U.S. companies seeking a foothold in fast-growing markets overseas.

The resources in the initiative will enable MCC to increase support for the President's Power Africa Initiative through additional compact investment opportunities in Ghana, Liberia, and Tanzania , including the potential to pilot a pay-for-performance and/or cash-on-delivery component. If the additional funds are appropriated, MCC plans to make the targeted compact investments detailed below.

Liberia | Estimated \$50 million

The Liberia Compact will focus on two critical constraints to growth – inadequate power and inadequate roads outside of the capital region. In road transport, supplemental initiative resources could support equipment imports and local contracting to improve frequently neglected maintenance. In the power system, initiative resources will expand access in poorer communities through on- and off-grid business models, establish market-oriented policies and standards in the power sector, and improve the operational performance and commercial viability of the power utility, making it a viable partner for private sector investors and operators interested in opportunities in power generation.

Ghana | Estimated \$125 million

The Ghana Compact is anticipated to focus on reform of and catalytic investment in the power sector, identified as one of the key constraints to private-sector-led growth. MCC's program will enable private investment in gas supply and generation, while MCC's funding will target improvements in distribution, enabling private operation and investment, and extending access to poor urban and rural consumers and producers.

The additional resources could accelerate and deepen policy reforms and private investment through pay-for-performance incentives, allowing the government to address strategic issues such as reform of the electric utility through performance improvement and restructuring. Expanded funding could also support pilots in different business models, leading to more effective investments by the power utility and

public-private partnerships in the power sector supply chain. Although the compact is expected to be signed before the initiative's resources would become available, the compact could be amended to use the additional funds.

Tanzania | Estimated \$125 million

Tanzania has identified the lack of reliable, inexpensive electric power as one of the most critical constraints to long-term economic growth. The Tanzania Compact will likely focus on reforms in the national power utility, Tanesco, a root cause of the problem. MCC's program will target fundamental restructuring and reform of Tanesco to improve performance, enhance operations and maintenance and build a commercially viable base for investment, while also extending the reach of the electric power transmission and distribution network. This will complement existing interest from private investors.

The additional resources would allow additional access to electric power in poor rural communities through competitively developed rural mini-grids, small off-grid renewable energy schemes and support to small entrepreneurs and agribusinesses for adopting electric power in ways that increase productivity. This could enhance the poverty reduction impact and strengthen political support for tough reform measures. The funding could also go toward providing the critical keystone for developing offshore gas reserves and gas exports.

609(g)/Due Diligence | Estimated \$50 million

Consistent with how 609(g) and due diligence resources estimated in MCC's base budget support base compact investments, \$50 million will support the development and oversight of the initiative's additional compact resources.

Proposed Legislative Changes

MCC appreciates the congressional support it has received to improve aspects of the partner country selection process to make the eligibility pool more stable. As part of MCC's continuous efforts to efficiently and effectively pursue its mission, the FY 2015 budget proposes the legislative changes described below.

- *Authority for the Board to extend the duration of a compact from up to five years to up to six years due to exceptional circumstances.* MCC's experience shows that providing a limited ability to extend a compact for up to one year under well-defined, justified circumstances would be consistent with good development practice and the effective stewardship of U.S. taxpayer funds. MCC believes that having this authority, which would be exercised by the Board only in exceptional circumstances and well after implementation has started, could enhance the impact and sustainability of our investments in select cases. The ability to grant limited, short-term extensions to MCC's five-year compact term under select circumstances would be very useful in completing civil works and other programs that experience unforeseeable delays.
- *Authority for nongovernmental MCC Board members to serve until a successor is appointed.* MCC's Board of Directors consists of nine members, five from the USG and four nongovernmental members, with at least one nongovernmental member required for a quorum. To promote continuity and ensure the presence of a quorum, MCC is seeking a legislative change to allow nongovernmental members to remain on the Board for one year after their term expires or until, in the case of members serving their first terms, they have been confirmed for a second term, or their successor has been confirmed. This approach is widely used by other USG boards, and its need was highlighted in December 2010 when MCC's Board could not achieve a quorum to select compact-eligible countries for FY 2011 because the terms of its nongovernmental Board members had expired before a new member had been confirmed.
- *Deletion of the provision for an interim Chief Executive Officer (CEO).* A presidential memorandum, dated May 21, 2012, designates an order of succession for MCC officials to act as CEO and is sufficient to provide leadership during the vacancy of the office of CEO.

Appendix A — Program Portfolios and Results

Highlights of Recently Closed Compacts

Lesotho

The \$362.6 million Lesotho Compact is designed to provide strategic investments to increase the availability of water for households and industrial use, test watershed management and conservation methods, rehabilitate health infrastructure and strengthen health systems, and remove barriers to foreign and local private sector investment.

Lesotho

<p>Policy Reforms</p>	<ul style="list-style-type: none">• MCC’s Compact influenced the passage of a new Land Act and implementing regulations that includes provisions establishing greater land tenure security for all land occupants ensuring gender equity in land ownership and land transactions and is congruent with the Legal Capacity of Married Persons Act; removing ministerial consent on mortgages, which significantly decreased mortgage processing times. Additionally, Lesotho passed the Land Administration Authority Act to carry out land administration in Lesotho. This new authority has already showed early gains in customer satisfaction and land transaction processing times.• The compact includes a Gender Equality and Economic Rights activity, which focuses on supporting the policy environment and increasing awareness of the Legal Capacity of Married Persons Act. This Act was passed during compact development and removes the minority status of married women. It also gives women several new rights, including the right to enter into contracts, register immovable property in their name and act as a director of companies.
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Outputs	<p>Health Sector Project</p> <ul style="list-style-type: none"> • MCC is improving Lesotho's health care infrastructure through rehabilitation and construction of 138 health centers, including the provision of new staff housing, 14 outpatient departments, a new blood transfusion center and central laboratory, and residences to accommodate National Health Training College students. The project is expected to benefit over 750,000 people who will have access to better health services. • Almost 200 health facility personnel were trained in infection, prevention and control. More than 60 community facilitators were also trained. • The project has coordinated with and leveraged resources from the President's Emergency Plan for AIDS Relief, the Centers for Disease Control and Prevention, Irish Aid and the World Bank to support compact investments in Lesotho's health sector. <p>Private Sector Development Project</p> <ul style="list-style-type: none"> • As of July 2013, the project regularized over 15,000 land parcels. The project plans to regularize 55,000 land parcels by the end of the compact closure period. <p>Water Sector Project</p> <ul style="list-style-type: none"> • A total of approximately 30,000 households across all ten districts in the country will receive ventilated improved pit latrines, with over 17,000 constructed to-date. • Out of a total 173.67 existing kilometers of pipes, the urban and peri-urban water supply project has extended and rehabilitated a combined 143.7 kilometers. The remaining construction is expected to be completed by the end of the compact closure period.
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Preliminary and Expected Outcomes	<p>Health Sector Project</p> <ul style="list-style-type: none"> Utilization of health centers providing HIV/AIDS, tuberculosis and maternal and child health services is expected to increase. <p>Private Sector Development Project</p> <ul style="list-style-type: none"> Through operationalization of the small claims procedure, approximately 50 percent (or 561 out of 1,141) of the cases being filed have been resolved to date, up from 0% of cases resolved through the court prior to the compact. The procedure reduces the burden on the magistrate court and makes court more accessible to claimants with limited resources. As of December 2012, more than 8,500 women in Lesotho now hold titles to land, compared to 3,200 pre-intervention. By the end of the compact, this number is expected to be over 20,000. The number of new mortgage bonds has grown significantly from the streamlining of legislation and procedures by the Land Act and new Land Administration Authority. Mortgages more than doubled from 160 per year in 2008 to approximately 330 in fiscal year 2012. <p>Water Sector Project</p> <ul style="list-style-type: none"> Construction and rehabilitation of reservoirs, pump stations, treatment plants and reticulation is expected to improve access to potable drinking water for 124,248 people in urban and peri-urban areas of Lesotho and another 112,626 people in rural areas of the country. Over 10% of Lesotho's population of approximately two million are expected to benefit from compact investments in the water sector. To-date, 123 out of 250 planned new water systems have been completed, bringing water closer to people. A closer water source means that women and girls, in particular, are expected to have more time that can be used for other productive activities.
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Evaluations	<p>Health Sector Project</p> <ul style="list-style-type: none"> The Health Sector project will be covered by a performance evaluation assessing the various components of the health project individually and also how they contributed to a strengthened health system overall. MCC expects the final report in 2015. <p>Private Sector Development Project</p> <ul style="list-style-type: none"> The Land Administration Reform Impact activity is covered by impact and performance evaluations. The impact evaluation focuses on the effects of leasing and formalization. The performance evaluation will assess changes in time to conduct a land transaction, demand for formal land transactions and the mortgage industry. These evaluations are expected in 2016. <p>Water Sector Project</p> <ul style="list-style-type: none"> An impact evaluation will be conducted for the Rural Water Supply and Sanitation activity. Performance evaluations will be carried out for the Metolong Dam and Urban/Peri-Urban Water Supply activities. The evaluations will look at changes in household expenditure on water, reductions in water-related health problems and time savings associated with improved water supply. The final reports are expected in 2015.
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Morocco

The \$697.5 million compact with the Kingdom of Morocco seeks to reduce poverty and stimulate economic growth through investments in five projects. These strategic investments will increase productivity and improve employment in high growth potential sectors such as fruit tree productivity, small-scale fisheries, and artisan crafts. Small business creation and economic growth will also be complemented by investments in financial services and enterprise support.

Morocco

Policy Reforms	<ul style="list-style-type: none"> • MCA Morocco signed an agreement with Ministry of National Education and its subsidiary departments to develop a national literacy certification system. The literacy certification system will facilitate mobility between the non-formal/literacy training system and the formal vocational training provided by the artisan, fisheries and agriculture sectors. In the long-term, this should improve job mobility for individuals seeking further training in their field. • Morocco's Office National des Peches, in consultation with representatives of mobile fish vendors, who are beneficiaries of the compact's Small-Scale Fisheries Project, has developed mobile fish vendor business codes, stipulating the use of wholesale markets as well as adoption and respect of quality standards. This will ensure that vendors are properly trained in quality assurance and operations and that the quality of fish is preserved throughout the value chain. • Previously in Morocco, wholesale fish sellers had monopoly power in these markets, and rights to wholesale fish buying/selling were generally hereditary. After consultations with producers and consumers in the fisheries market, the Moroccan Parliament passed into law new regulations ensuring that markets are more open and competitive. The change to these regulations should incentivize growth in wholesale fish commerce. • The Government of Morocco, through the Ministry of Finance and the Central Bank, as part of the compact's Financial Services Project, will take the necessary actions to allow microfinance associations to become deposit-taking institutions. Currently in Morocco, only nonprofit institutions are permitted to provide microloans, and these organizations are not allowed to provide other financial services, such as savings products. The transformation of these institutions will ultimately allow the associations to provide more diverse financial services to compact beneficiaries. • The implementation of national sectorial strategies has been reinforced and accelerated, including: the Green Morocco Plan in agriculture; Halieutis in fisheries; the 2015 Vision for the artisan; Moukawalati in the creation and support of very small enterprises; the National Initiative for Human Development (INDH); and the national literacy program. As MCC-supported projects were integrated into national strategies, government ownership of the projects has been notable.
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Outputs	<p>Fruit Tree Productivity Project</p> <ul style="list-style-type: none"> • The project converted 60,686 hectares of annual cereal crops into olive and almond trees, which are better suited to local conditions and are more profitable, leading to an increased and stabilized income for 40,000 farmers' households. • Investment in improved irrigation infrastructure led to the rehabilitation of 19,000 hectares of oasis, allowing farmers to increase productivity and practice more value-added crops. • More than 23,000 adult farmers and more than 7,600 youth farmers have received training on improved agricultural practices. <p>Small-scale Fisheries Project</p> <ul style="list-style-type: none"> • Through the Small-scale Fisheries Project, 11,800 fishers are benefiting from fish landing sites equipped with auction halls to allow fishers to better market their catches, ice production plants to preserve the quality of fish. • More than 16,500 fishers received training certificates after attending workshops aimed at enhancing fisheries practices. • In addition, 623 mobile fish vendors have been equipped with heavy-duty, 3-wheeled motorbikes with insulated ice chests. <p>Artisan and Fez Medina Project</p> <ul style="list-style-type: none"> • 2,332 artisan potters were trained in improved production techniques that will allow them to improve productivity and cut costs. • The Government of Morocco will continue the restoration of 11 historic sites from the 14th and the 15th centuries in the Fez Medina after the end of the compact, which will lead to increased artisan sales and revenues in the tourism sector. • A new production zone was constructed at Ain Nokbi, consisting of 77 workshops and 33 other separate workshops, all of which are dedicated to relocating coppersmiths and polluting activities from the area to ensure continued and reinforced artisan production and professional development activities. <p>Financial Services (Microcredit) Project</p>
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- The subordinated debt of \$25 million to Jada, a fund dedicated to financing microfinance institutions (MFIs), maintained access to financing across MFIs in the sector. In parallel, technical assistance was provided to MFIs to develop new financial products and improve their operating efficiency and transparency. The project helped stabilize the number of microfinance beneficiaries at nearly 800,000, in spite of global declines in the sector.

Enterprise Support Project

- 593 entrepreneurs received a total of 9,100 days of individual training as well as technical assistance for a year and a half.

Preliminary and Expected Outcomes	<p>Fruit Tree Productivity Project</p> <ul style="list-style-type: none"> MCC's investment significantly reinforced Government of Morocco investments in rehabilitating small and medium irrigation networks which will lead to improved yields for farmers. The project covers 16% of the total irrigated area through small and medium irrigation networks in Morocco, which represents 50% of the areas rehabilitated since the 1960s. <p>Small-scale Fisheries Project</p> <ul style="list-style-type: none"> Due to enhanced access to catch preservation equipment and rehabilitated auction halls, the average price of fish fetched by artisan fishermen is rising. From a baseline of 35.2 Dirhams per kilogram, fishers are now garnering 43.2 Dirhams per kilogram in the rehabilitated auction sites (\$4.22 to \$5.18 at August 2013 conversion). <p>Artisan and Fez Medina Project</p> <ul style="list-style-type: none"> Almost 70,000 farmers, artisans and fishers (67% women) are gaining literacy skills and graduates are likely to experience improved job opportunities in their sectors. More than 11,000 farmers, artisans, and fishers (77% women) have graduated from the functional literacy program, developing professional skills while improving employment prospects in their sectors. Over 7,500 Moroccans (42% women) have received certificates of completion for the Competitive Skills Development program. <p>Financial Services (Microcredit) Project</p> <ul style="list-style-type: none"> 3,350 clients are utilizing the mobile branches set up by the project. The number of microcredit associations reporting to the credit bureau has almost doubled.
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Evaluations	<p>Fruit Tree Productivity Project</p> <ul style="list-style-type: none"> A combination of impact and performance evaluations will be completed in early 2014. These evaluations focus on examining: changes in quantity, quality and price of fruit tree crops value and processing of olive oil, the role of farmer's organizations in value chain processing and marketing, and possible spillover adoption of techniques by farmers outside of the treatment perimeters. <p>Small Scale Fisheries Project</p> <ul style="list-style-type: none"> Two performance evaluations will be completed in early 2014. In addition to looking at changes in beneficiary income, these evaluations include analysis on whether women were better integrated in the value chain of artisanal fishing. <p>Artisan and Fez Medina Project</p> <ul style="list-style-type: none"> Performance evaluations cover all activities within the project. The evaluations are expected to answer questions about improvements in value added of small and medium pottery firms and the incomes of artisans and functional literacy beneficiaries. The evaluations should be completed in 2015. <p>Financial Services Project</p> <ul style="list-style-type: none"> A performance evaluation will be completed in early 2014. The evaluation will assess if remote rural areas have better access to microcredit as a result of the project. <p>Enterprise Support Project</p> <ul style="list-style-type: none"> An impact evaluation of this randomized pilot program is currently being completed. Results for this impact evaluation are expected to be available in November 2013.
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Mongolia

The \$285 million compact with the Government of Mongolia strives to increase economic activity through secure and registered land titles in urban areas, sustainable utilization and management of rangelands in peri-urban areas, and improved vocational and technical training. The compact also makes

investments to help the Mongolian people become healthier and more productive as they enter the marketplace, to improve urban air quality by increasing the adoption of energy efficient products and homes in the ger districts of Ulaanbaatar and support the development of renewable energy, and to improve the road in the critical north-south economic corridor that stretches from Russia to China through Mongolia.

Mongolia

Policy Reforms	<ul style="list-style-type: none"> • The passage of the Vocational Education (TVET) law in 2009 puts in place a new legal/policy and operational framework for a modern TVET system, fostering institutional mechanisms for a more demand-driven and private sector engaged TVET system. • The Non-Communicable Disease and Injuries (NCDI) Early Detection training and outreach activities support the expansion of primary medical care and promotion of behavioral changes with the goal of preventing non-communicable diseases. Prevention is critical to reducing the cost burden of treatment and the negative effects on life expectancy. Several key evidenced-based guidelines for cardiovascular disease prevention, detection and treatment have received Ministry of Health approval and have been used in the nation-wide screening program that MCC supported. • The urban property rights legal and regulatory reform project seeks to revise numerous laws and regulations to facilitate linkages between the land mapping and property registration systems and simplify the process by which urban ger-area dwellers become land owners. A legal and regulatory commission identified the major issues in 2009, and more detailed analysis, law drafting, and support for legal change have since been carried out. • The Government of Mongolia will continue its commitment to the government's road maintenance fund with a yearly increase in the amount committed to the road fund (compared to the prior fiscal year in real terms) and maintenance needs of existing, improved and newly constructed roads. This will ensure ongoing maintenance for the roads and bridges throughout the country, including those constructed and rehabilitated under the compact's North-South Road Project. • MCA-Mongolia has hosted three annual Hazardous Materials Workshops to share experience and lessons on how to safely handle hazardous wastes created from building renovations, medical procedures, or other operations. Due in part to the exposure MCA-Mongolia has given to this issue, the Government of Mongolia recently banned the use of asbestos in construction materials.
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Outputs	<p>Energy and Environment Project (EEP)</p> <ul style="list-style-type: none"> • MCC funded product testing, the establishment of a new distribution channel and limited subsidies to support 121,447 consumer purchases of new energy-efficient products demonstrated to reduce air pollution, resulting in sales of 97,786 solid fuel stoves, as well as insulation, vestibules and 98 energy-efficient homes. • Once the MCC-funded substation has been upgraded, it is expected that 112,000,000 kilowatt hours of wind power will be dispatched from the substation to the National Dispatch Center. <p>Health Project</p> <ul style="list-style-type: none"> • Training in non-communicable disease and injury has been provided to 15,604 health staff (72% female) and 565 school teachers. In addition, 10 out of a targeted 20 health staff have been trained in improved approaches in stroke and cardiac care, such as acute myocardial infraction. • After the completion of this project, it is expected that 100% of secondary level hospitals will offer services on the treatment of cervical cancer abnormalities such as Loop electrosurgical excision procedure or colposcopy, rising from a baseline of 12.9% in 2010. Adequate services for the treatment of cervical cancer include trained staff, clinical guidelines, and special equipment. • 12 million health education materials have been printed. By the end of the project, it is expected that 95% of primary healthcare facilities will have at least two types of non-communicable disease-related health education materials available. <p>Property Rights Project</p> <ul style="list-style-type: none"> • 1,586 public officials, traditional authorities, project beneficiaries, and representatives from the private sector (54% female) have received formal, on-the-job land training or technical assistance. • Since the implementation of the program, 3,215 disputed land and property rights cases have been successfully mediated. • 15 land administration and service offices have been established or upgraded. • 1,315 households (at least one person per household) have been trained on sustainable pasture use and
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improving livestock productivity.

- MCC piloted and established a new system for rangeland management around cities, provided 15-year land leases to 387 herder groups comprising 1,315 households and installed wells on 311 parcels. Of the 387 leases, 23% were from female headed households.

Vocational Education Project (TVET)

- An anticipated 40 Information, Communication and Technology and multimedia labs will be installed or upgraded by the end of the project.
- 1,574 instructors have completed MCC-supported training.
- 18 schools have received the latest technology in training equipment for priority trades, including heavy machinery operation, lathe milling, electricity, electronics, plumbing, welding, and heating and cooling technology.

North-South Road Project

- An expected 176 kilometers of road along the North-South Road, stretching from Russia to China, will be reconstructed or rehabilitated.
- 344 members of the workforce have undergone training on trafficking in persons, health and safety, and HIV/AIDS and STIs.

Preliminary and Expected Outcomes	<p>Energy and Environment Project (EEP)</p> <ul style="list-style-type: none"> The energy-efficient fuel stoves are expected to reduce Particulate Matter (PM) 2.5 emissions in Ulaanbaatar households by 2,635 tons, or 57 percent during the heating season from October to March. <p>Health Project</p> <ul style="list-style-type: none"> With an increased emphasis on the significance of treating and preventing non-communicable diseases (NCDs), the annual national budget allocated for NCDs has risen from \$345,000 in 2009 to \$1,260,000 in 2013. <p>Property Rights Project</p> <ul style="list-style-type: none"> It is estimated that 95,891 individuals will benefit from increased security and capitalization of land assets held by lower-income Mongolians. Herd mortality rate from natural causes and sickness-related deaths is expected to fall for both cattle and sheep. <p>Vocational Education Project (TVET)</p> <ul style="list-style-type: none"> 12,609 students (56% female) have enrolled or participated in MCC-supported education schooling programs. Of these, 2,076 students (20% female) have graduated. 880 members of the teaching staff (62% female) have successfully completed the certification exam after receiving project training. <p>North-South Road Project</p> <ul style="list-style-type: none"> The improvements made to the North-South Road are expected to decrease the International Roughness Index (IRI) from 11.2 to 2. The total time to drive the length of the North-South Road from Choir to Sainshand/35th RW Crossing is expected to fall from 5 hours to 2.2 hours.
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Evaluations	<p>Energy and Environment Project (EEP)</p> <ul style="list-style-type: none"> An impact evaluation will be conducted to examine the project's impact on air quality, health and fuel expenditures. <p>Health Project</p> <ul style="list-style-type: none"> A performance evaluation is expected to be completed in December 2013. The evaluation will focus on analyzing whether activities affected changes in knowledge and incidence of non-communicable diseases and injuries. <p>Property Rights Project</p> <ul style="list-style-type: none"> Impact evaluations will measure the effect the privatization and registration of ger area land has had on land investments, property values, access to credit, and ultimately, household income. In addition, a performance evaluation will assess the changes in demand for land registration and the changes in time to transact a land related registration. These evaluations are being conducted in phases and are expected to be completed between late 2013 and fall 2017. <p>Vocational Education Project (TVET)</p> <ul style="list-style-type: none"> An impact evaluation will analyze the effects of attending the TVET schools on vocational education students' academic achievements and skill levels, post-graduation employment, and salary levels.
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Mozambique

The \$506.9 million compact seeks to increase productive capacity, income generation, and poverty reduction in Mozambique's Northern provinces by improving rural and urban water and sanitation, roads, land administration and agriculture. It also addresses key policy reforms and capacity building initiatives. The investment focuses on the economically lagging northern provinces, home to half of the country's population.

Mozambique

Policy Reforms	<ul style="list-style-type: none">• The Government of Mozambique has prepared a paved road maintenance program that includes a periodic maintenance for the entire paved roads network. The program includes, but is not limited to the following items: a rolling planning period of 8 years; provisions for annual updating of the program based upon additions to the paved road network; a detailed listing of all paved roads subject to periodic maintenance by year; a funding plan that includes 100% of routine and periodic maintenance works.• As a compact condition precedent for disbursement, the Minister of Public Works and Housing expanded the mandate of the independent Water Regulatory Commission to have broader oversight over smaller cities and towns in order to better ensure sustainability and regulatory consistency within the sector.• MCC partnered with the World Bank to launch the Water Infrastructure Authority, a new institution responsible for managing water supply and sanitation assets in Mozambican cities with a population between 50,000 and 150,000. AIAS now manages water supply and sanitation in all of Mozambique's medium-sized cities and plays a vital role in addressing the needs of small- and medium-sized municipal water and sanitation systems.
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Outputs	<p>Water and Sanitation Project</p> <ul style="list-style-type: none"> • MCC is helping rehabilitate the Nacala Dam and raise it from 17 meters to 19 meters. • Rehabilitation and expansion of the Nampula water supply system will provide an additional 20,000 cubic meters of treated water per day, doubling the current capacity. • More than 611 community water access points with hand pumps have been constructed in Nampula and Cabo Delgado to improve water access to over 600 communities. • 8,484 people in rural communities have been trained in hygiene and sanitary best practices <p>Rehabilitation/Construction of Roads Project</p> <ul style="list-style-type: none"> • 253 kilometers of road are to be completed in three key north/south segments of the National Route 1 (N1) in Nampula and Cabo Delgado provinces. <p>Land Tenure Services Project</p> <ul style="list-style-type: none"> • The project formalized 1.4 million rural hectares and 112,568 urban parcels by March 2013. By the end of the compact, the project will have issued formalized land rights (DUATs) to over 150,000 urban and rural landholders in four Northern provinces. <p>Farmer Income Support Project (FISP)</p> <ul style="list-style-type: none"> • FISP has contributed to controlling the spread of Coconut Lethal Yellowing Disease (CLYD) outbreaks. If allowed to continue at the 2008 rate of spread, the disease would have destroyed an estimated 50% of coconut trees in the eastern coastal belt of the Nampula and Zambezia provinces. As of June 2013, the project had reached the target of clearing 8,000 hectares of diseased or dead palm trees in the endemic zone to prevent the spread of the disease, planted 782,609 coconut seedlings, and trained 28,830 farmers in post-planting management of coconuts to ensure the survival rate of new coconut seedlings. • Within the group of farmers trained in post-planting management, almost 9,000 received additional training in alternative crop production. As of June 2013, 7,686 hectares of alternative crops are under production in
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	the CLYD endemic areas.
Preliminary and Expected Outcomes	<p>Water and Sanitation Project</p> <ul style="list-style-type: none"> • Time to get to a non-private water source should decrease by 30% in rural beneficiary communities. This should improve health and sanitation conditions to reduce water-borne diseases like cholera and will provide women, often the primary water gatherers, more time for child care, education and income-generating activities. • Residential water consumption in rural communities will increase from 16 to 20 liters per capita per day and in urban areas from 20 to 24 liters per capita per day. <p>Rehabilitation/Construction of Roads Project</p> <ul style="list-style-type: none"> • It is expected that average annual daily traffic on the two road segments will increase by over 18%. <p>Land Tenure Services Project</p> <ul style="list-style-type: none"> • 36 partnerships between communities and investors have been established through the Community Land Fund, which is double the target. This includes new community based investments as well as partnerships with commercial entities, both domestic and foreign. • The values of rural and urban parcel holdings are expected to increase by 20 and 30 percent from land formalization, respectively. <p>Farmer Income Support Project</p> <ul style="list-style-type: none"> • Household income from coconuts and coconut products is expected to double • Income from intercropping is expected to nearly triple. • The proportion of farmers adopting improved techniques in surveillance, pest, and disease control for coconuts has surpassed its target by 10%; with 33% of farmers adopting improved practices.

Evaluations	<p>Water and Sanitation Project</p> <ul style="list-style-type: none"> Performance evaluations will be conducted for all activities in the project, with results expected in late 2014 and 2016. These two evaluations will assess the project's impacts in (1) urban water supply and sanitation facilities' delivery and reliability capacity and (2) health and cost benefits of hand pumps and small scale solar powered water systems in rural communities. <p>Rehabilitation/Construction of Roads Project</p> <ul style="list-style-type: none"> HDM-4 Analysis will be conducted on MCC-funded road segments following completion of works. HDM-4 Analysis is a standard method that quantifies road users' benefits from savings in vehicle operating costs, reduced travel times and decreased accidents. The report will also generate updated Economic Rates of Return (ERRs). It is expected to be completed in May of 2015. <p>Land Tenure Services Project</p> <ul style="list-style-type: none"> The land tenure project is being evaluated by a combination of impact and performance evaluations, all of which are expected to be completed in 2016. The evaluations will assess the impacts of the project in terms of changes in time to register a property, use of the formal system and increases in land values and/or investment in land. <p>Farmer Income Support Project</p> <ul style="list-style-type: none"> The farmer income support project will be evaluated by performance evaluations, with reports expected starting mid-2014. The evaluations will look at the project's effects on incomes of coconut farmers in endemic and epidemic areas. Specifically, the evaluations will assess the investment's achievements in coconut and selected crop productivity, the survival rate of coconut seedlings, and the most effective measures for maintaining a low incidence rate of Coconut Lethal Yellowing Disease. The evaluations will also examine if the project's investments improve women's welfare and/or reduce inequality.
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Tanzania

The \$698 million compact with the United Republic of Tanzania seeks to facilitate poverty reduction through economic growth and raise the quality of life in mainland Tanzania and Zanzibar by strategically investing in transportation, energy, and water infrastructure. Specifically, the compact aims to reduce transportation costs and travel time and increase traffic volume on trunk and rural roads and increase air travel to Mafia island, provide better quality and more reliable power to an increased number of customers, and improve water sources for a growing number of households and businesses.

Tanzania

<p>Policy Reforms</p>	<ul style="list-style-type: none"> • Together with other donors, MCC pushed for the creation of an effective new National Road Safety Policy, which was approved by the Cabinet in 2009. The new policy is expected to create a Road Safety Board, with sufficient autonomy and funding to effectively push for greater road safety. The World Bank has agreed to fund additional road safety programs over the next 3-5 years. • The compact requires the two power companies (TANESCO for the mainland and ZECO for Zanzibar) to move towards a sustainable tariff structure that will ultimately ensure full cost recovery and sustainability. Significant tariff increases were implemented for both utilities (21.7% followed by an additional 40.29% for TANESCO and 40% for ZECO), but neither has yet achieved full cost recovery tariff rates. Full cost recovery tariffs remain a key agenda item for the U.S. Government under Partnership for Growth and Power Africa, as well as for other donors. In the case of Zanzibar, MCC's discussions regarding the submarine cable are facilitating a commercial relationship between the mainland and Zanzibar power companies for the first time, and resulted in a signed Power Purchase Agreement (endorsed by the independent regulator) in April 2010. Electricity rates have steadily increased through regulatory action on the mainland and government action on Zanzibar. • The compact provided for passage of a new Electricity Act to replace 75-year old prior legislation. The new law provides for more private sector participation in the energy sector, with specific provisions that will enable energy producers to sell power to the former state monopoly producer, TANESCO. Passage of this legislation was an important demonstration of the government's commitment to a more private sector oriented, and therefore sustainable, energy sector. On Zanzibar, technical assistance was provided to help institute a new electricity and water regulatory
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authority, which was passed by Parliament and is awaiting Presidential assent.

- The Government of Tanzania (GOT) has agreed to pursue financial recovery measures for the two water utilities which MCC is supporting in Dar es Salaam and Morogoro, to include the implementation of the independent regulator's approved tariffs that will fully recover operation and maintenance costs, and demonstrate a sustainable trend to recover asset depreciation. Continued compact-required progress on tariff reform in the water sector is a safeguard that will contribute to institutional sustainability.

Outputs	<p>Transportation Sector Project</p> <ul style="list-style-type: none"> 65.14 of 468.2 planned kilometers of roads have been completed and taken over in mainland Tanzania. The remaining road segments will be completed by the GOT. 100% of runway surfacing has been completed at the Mafia Island Airport. <p>Energy Sector Project</p> <ul style="list-style-type: none"> 1,218 kilometers of 33/11 KV lines and 1,127.6 kilometers of LV lines have been constructed in mainland Tanzania. 77.8 kilometers of 132 KV lines has been constructed in and to Zanzibar. Transmission and distribution capacity has increased in two of the eight substations in mainland Tanzania and remained constant in the other five. In total, capacity has increased from 473.2 MVA to 570.9 MVA. 390 photovoltaic systems were installed in health centers, dispensaries, secondary schools, village markets, and beach management units, bringing a combined capacity of 242 kWp to Kigoma. <p>Water Sector Project</p> <ul style="list-style-type: none"> Once the Morogoro water plants have been upgraded, the Mafiga and Mambogo plants are expected to produce 33 million liters of water per day. Prior to project implementation, the plants produced 23 million liters of water per day. Once the GOT completes the Lower Ruvu transmission main upgrade (estimated in 2014), it is expected that the Lower Ruvu treatment plant will provide 270 million liters of water per day to Dar es Salaam, rising from 180 million liters of water per day before the upgrade began.
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Preliminary and Expected Outcomes	<p>Transportation Sector Project</p> <ul style="list-style-type: none"> Based on initial projections, it is expected that the rehabilitation of Tanzania roads on the mainland and in Pemba will approximately double the average annual daily traffic on all road segments. Based on initial projections, the completion of the Mafia Island Airport rehabilitation activity is expected to contribute to an increase in annual aggregate visitor spending on Mafia Island from \$3.3 million in 2008 to \$4.2 million. <p>Energy Sector Project</p> <ul style="list-style-type: none"> 2,392 customers have connected to the energized compact-funded distribution lines across the 7 mainland project regions. <p>Water Sector Project</p> <ul style="list-style-type: none"> Based on initial projections, once updates have been made to the water treatment plants in Morogoro and Lower Ruvu and put into effect, it is expected that the average monthly volume of residential water consumption will increase from 98 liters per capita per day in Morogoro and 116 liters per capita per day in Lower Ruvu to 150 liters per capita per day in both regions.
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Evaluations	<p>Transportation Sector Project</p> <ul style="list-style-type: none"> • The evaluation of the mainland trunk roads will assess the impact of the improved roads network on travel times and vehicle operating costs. The impact evaluation of the Pemba Rural Roads will assess changes in travel times, the prices of producer and consumer goods, and the well-being of people and villages along the improved roads. In addition, a performance evaluation will investigate whether the Mafia Island Airport upgrades have increased tourism and business travel and, therefore, visitor spending on the island. All evaluations are expected to be completed by December 2016. <p>Energy Sector Project</p> <ul style="list-style-type: none"> • The impact evaluations of the Mainland Transmission & Distribution Activity and a performance evaluation in Zanzibar are seeking to measure the magnitude of the impact access to electricity has on household income, health, and education in the household setting and the magnitude of the impact on the number of new firms, capital investments, and levels of employment in the business setting. In Kigoma, a performance evaluation will look at any changes in trends the activity has had on the number of customers that have received a solar photovoltaic system and the total duration of power availability a day. All evaluations are expected to be completed by December 2015. <p>Water Sector Project</p> <ul style="list-style-type: none"> • The impact evaluation will look at the effect the rehabilitation of the Lower Ruvu and Morogoro water treatment plants has had on the water supply, water availability, and impacts in consumption at the household and business levels in Dar es Salaam and Morogoro. In addition, these impact evaluations will measure the effect the plant improvements has had on health, poverty and income, and investment in physical and human capital and see if project benefits accrue differently to men and women. Both evaluations are expected to be completed by December 2016.
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Compact and Threshold Program Portfolios

Compact Obligations/Commitments by Year Appropriated as of September 2013 (\$ millions)*

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Armenia		176.6								176.6
Benin		301.8								301.8
Burkina Faso					480.9					480.9
Cabo Verde I	108.5									108.5
Cabo Verde II									66.2	66.2
El Salvador I			361.8	87.8						449.6
Georgia I	290.2	24.2		17.0	55.8					387.2
Georgia II									140.0	140.0
Ghana I		536.3								536.3
Honduras	204.0									204.0
Indonesia		55.0						545.0		600.0
Jordan						55.0	220.1			275.1
Kenya			0.1							0.1
Lesotho				362.6						362.6
Madagascar	85.6									85.6
Malawi							209.9	140.8		350.7
Mali			435.6							435.6
Moldova	90.7	16.4	8.5	0.9	9.0	86.6	50.0			262.0
Mongolia				284.9						284.9
Morocco		72.0	625.3							697.3
Mozambique				506.9						506.9
Namibia				224.1	80.4					304.5

Country	2004	2005	2006	2007	2008	2009	2010	2011	2012	Total
Nicaragua	112.7									112.7
Philippines							433.9			433.9
Senegal						540.0				540.0
Tanzania					698.1					698.1
Vanuatu		65.4								65.4
Zambia									354.8	354.8
Grand Total	891.7	1,247.6	1,431.2	1,484.2	1,324.2	681.6	913.9	685.8	561.0	9,221.2

* Amounts are net of de-obligations, where applicable. Also, amounts may not add due to rounding.

Compact Amounts at Signing and Key Dates (\$ millions)*

Country Partner	Sub-Saharan Africa	Europe, Asia and Pacific	Middle East & N. Africa	Latin America	Signing	Entry Into Force	Closed Dates
Madagascar	109.8				4/18/2005	7/27/2005	8/31/2009
Honduras				215.0	6/13/2005	9/29/2005	9/29/2010
Cabo Verde	110.1				7/4/2005	10/17/2005	10/17/2010
Nicaragua				175.0	7/14/2005	5/26/2006	5/26/2011
Georgia		395.3			9/12/2005	4/7/2006	4/7/2011
Benin	307.3				2/22/2006	10/6/2006	10/6/2011
Vanuatu		65.7			3/2/2006	4/28/2006	4/28/2011
Armenia		235.7			3/27/2006	9/29/2006	9/29/2011
Ghana	547.0				8/1/2006	2/16/2007	2/16/2012
Mali	460.8				11/13/2006	9/17/2007	8/24/2012
El Salvador				460.9	11/29/2006	9/20/2007	9/20/2012
Mozambique	506.9				7/13/2007	9/22/2008	9/22/2013
Lesotho	362.6				7/23/2007	9/17/2008	9/17/2013
Morocco			697.5		8/31/2007	9/15/2008	9/15/2013
Mongolia		284.9			10/22/2007	9/17/2008	9/17/2013
Tanzania	698.1				2/17/2008	9/17/2008	9/17/2013
Burkina Faso	480.9				7/14/2	7/31/2	

Country Partner	Sub-Saharan Africa	Europe, Asia and Pacific	Middle East & N. Africa	Latin America	Signin g	Entry Into Force	Closed Dates
					008	009	
Namibia	304.5				7/28/2008	9/16/2009	
Senegal	540.0				9/16/2009	9/23/2010	
Moldova		262.0			1/22/2010	9/1/2010	
Philippines		433.9			9/23/2010	05/25/11	
Jordan			275.1		10/25/2010	12/13/11	
Malawi	350.7				4/7/2011	9/20/2013	
Indonesia		600.0			11/19/2011	4/2/2013	
Cabo Verde	66.2				2/10/2012	11/30/2012	
Zambia	354.8				5/10/2012	11/15/2013	
Georgia		140.0			6/26/2013		

* Please note that the values above are the signed compact amounts and do not reflect lower actual expenditures due to early terminations or funds for a compact not being fully spent. The table on the prior page reflects the net obligations/commitments associated with each compact.

Threshold Program Amounts at Signing (\$ millions)

Country	Sub-Saharan Africa	Eurasia	Latin America	Middle East & N. Africa	Signing Date	Completion Date
Burkina Faso	12.9				7/22/2005	9/30/2008
Malawi	20.9				9/23/2005	9/30/2008
Albania		13.9			4/3/2006	11/15/2008
Tanzania	11.2				5/3/2006	12/30/2008
Paraguay			34.6		5/8/2006	8/31/2009
Zambia	22.7				5/22/2006	2/28/2009
Philippines		20.7			7/26/2006	5/29/2009
Jordan				25.0	10/17/2006	8/29/2009
Indonesia		55.0			11/17/2006	12/31/2010
Ukraine		45.0			12/4/2006	12/31/2009
Moldova		24.7			12/14/2006	2/28/2010
Kenya	12.7				3/23/2007	12/31/2010
Uganda	10.4				3/29/2007	12/31/2009
Guyana			6.7		8/23/2007	2/23/2010
Sao Tome & Principe	8.7				11/9/2007	4/15/2011
Kyrgyz Republic		16.0			3/14/2008	6/30/2010
Niger*	23.1				3/17/2008	In

Country	Sub-Saharan Africa	Eurasia	Latin America	Middle East & N. Africa	Signing Date	Completion Date
					8	progress
Peru			35.6		6/9/2008	9/30/2012
Rwanda	24.7				9/24/2008	12/31/2011
Albania		15.7			9/29/2008	7/31/2011
Paraguay			30.3		4/13/2009	7/31/2012
Liberia	15.1				7/6/2010	12/1/2013
Timor-Leste		10.5			9/22/2010	In progress
Honduras			15.6		8/29/2013	In progress

* MCC had a \$23 million threshold program with Niger prior to suspension; however, only \$17 million was spent prior to suspension and now \$2 million has been allocated to complete the program.

Compact Modifications

MCC employs a risk-based approach to the management of its foreign assistance portfolio and uses a number of mechanisms for managing projects that face potential major modifications, including:

- Quarterly portfolio reviews of all compacts, with a focus on high-risk projects and activities;
- Early identification of high-risk projects;
- Close collaboration with partner countries to develop plans to prevent, mitigate and manage project restructuring; and
- Approval of modifications at the appropriate level.

MCC has also refined its compact development process to ensure that adequate due diligence is conducted on programs in advance of compact signing to increase the reliability of technical, cost and other estimates. During compact development MCC also makes project design modifications to mitigate potential completion risk, currency fluctuations and the potential for construction cost overruns.

Summary of Restructurings and Reallocations in FY 2013

Country	Project/Activity	Cause	Action Implemented
Burkina Faso	Roads Projects	<p>As reported in the last Semiannual Report to Congress, \$14.1 million was reallocated from the Rural Roads Activity to the Primary Roads Activity, as bids for the Primary Roads Activity exceeded the amount budgeted.</p> <p>Subsequently, improvements in cost management and revised contingency provisions for the Primary Roads Activity freed up budget to allow reconsideration of Lot 1 of the Rural Roads Activity.</p>	MCC approved a total reallocation of \$3.3 million to proceed with construction of one lot of the Rural Roads Activity.

Lesotho	Health Project	In June 2013, MCA reallocated a total of \$22,315,421 among the Water, Health, PSD and Program Management and Oversight Projects. The majority of these funds, \$21,854,726, were reallocated to the Health Center Activity for reimbursement to the Government of Lesotho (GOL) against the its significant counterpart contribution.	The GOL committed over \$150 million and disbursed over \$60 million as of June 2013 to avoid project de-scoping, to cover the cost of project completion post-compact, and to ensure sustainability of MCC investments. MCA planned to use the money to complete all outstanding compact activities after the compact was complete.
Moldova	High Value Agriculture Project	The Road Rehabilitation Project (RRP) yielded a \$19 million surplus from the planned compact budget, prompting the Government of Moldova to request a reallocation of said \$19 million to expand existing projects and cover potential funding shortfalls in the Transition to High Value Agriculture.	MCC approved a reallocation of \$19 million to expand existing projects and cover potential funding shortfalls in the Transition to High Value Agriculture Project.

Malawi	Compact level	<p>The estimated cost of compact activities increased due to inflation resulting from delays caused by the compact's operational hold and suspension. In addition, the Government of Malawi also requested several new infrastructure sub-projects.</p>	<p>The Malawi Compact was re-scoped in July 2013; while several activities were affected by reallocations, the overall compact amount remained the same. Reallocations included the replacement of a planned 220 kV transmission line with a 400 kV line, removal of a planned substation, and reduction in investments in remote data collection technology (SCADA). In the same amendment, MCC revised the compact structure to improve fiscal control and results monitoring and reporting by elevating two compact activities and one sub-activity to the project level. Finally, the economic model for the compact was updated.</p>
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Mozambique	Water Supply & Sanitation (WSS)	Variation orders required on works under the WSS Projects Urban Water Supply Activity led to a cost increase of this component to the WSS Project.	MCC approved the reallocation of \$15.5 million from the Urban Drainage Activity of the same WSS Project in August 2013.
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Detailed Program Results Information

Estimating Compact Beneficiaries and Benefits

Under MCC's results framework, beneficiaries are defined as an individual and all members of his or her household who will experience an income gain as a result of MCC interventions. MCC considers that the entire household will benefit from the income gain and counts are multiplied by the average household size in the area or country. The beneficiary standard makes a distinction between individuals participating in a project and individuals expected to increase their income as a result of the project. Before signing a compact, MCC estimates the expected long-term income gains through a rigorous benefit-cost analysis. MCC may modify its estimates and/or the present value (PV) of benefits when project designs change during implementation.

Projected Beneficiaries and Income Benefits by Compact 1 2

Compact	Estimated Number of Beneficiaries	Estimated Long Term Income Gain Over the Life of the Project (PV of Benefits) ³	Benefit/Cost Ratio ⁴
Armenia	426,000	\$295,500,000	1.7
Benin	14,059,000	\$409,600,000	1.8
Burkina Faso	1,181,000	\$151,000,000	0.4
Cabo Verde I	385,000	\$149,500,000	1.8
Cabo Verde II	604,000	\$148,200,000	1.6
El Salvador	706,000	\$366,700,000	1.0
Georgia	143,000	\$301,300,000	1.0
Ghana	1,217,000	\$690,300,000	1.7
Honduras	1,705,000	\$237,300,000	1.5
Indonesia	2,900,000	\$136,600,000	1.5
Jordan	3,657,000	\$800,300,000	4.1
Lesotho	1,041,000	\$376,000,000	1.5
Madagascar	480,000	\$123,200,000	1.7
Malawi	983,000	\$567,200,000	2.4
Mali	2,837,000	\$393,600,000	1.2
Moldova	414,000	\$259,900,000	1.5

Mongolia	2,058,000	\$314,800,000	1.7
Morocco	1,695,000	\$805,400,000	1.6
Mozambique	3,325,000	\$542,300,000	1.5
Namibia	1,063,000	\$240,500,000	1.1
Nicaragua	119,000	\$83,500,000	1.0
Philippines	125,822,000	\$483,300,000	1.6
Senegal	1,660,000	\$625,000,000	1.6
Tanzania	5,425,000	\$1,335,800,000	2.6
Vanuatu	39,000	\$73,800,000	1.4
Total ⁵	173,945,000	\$9,910,600,000	1.6

Sector Results Agriculture, Education, Land, Roads and Water

Agriculture and Irrigation Common Indicators

Country	Process Indicators					Output Indicators				Outcome Indicators			
	(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loan borrowers	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques
MCC Total	64,583,680	87.0%	599,728,416	71.2%	2,389	247,683	4,008	139,378	1,155	94,324,814	120,569	36,299	1,011
Armenia	4,601,073	100.0%	106,653,443	100.0%	2,389	45,639	227	 sp;	1,008	13,133,200	26,424	 sp;	178
El Salvador	 sp;	 sp;	 sp;	 sp;	 sp;	15,363	272	 sp;	29	10,820,274	11,520	 sp;	163
Georgia	1,155,881	53.4%	 sp;	 sp;	 sp;	 sp;	291	 sp;	 sp;	19,880,003	 sp;	 sp;	 sp;
Honduras	 sp;	 sp;	 sp;	 sp;	 sp;	7,265	464	400		17,100,000	6,996	 sp;	 sp;
Moldova	4,428,303	84.5%	8,301,033	15.0%	 sp;	3,334	177	 sp;	22	4,433,575	842	 sp;	20
Nicar	700,	100.	-	-	 sp;	9,10	 sp;	 sp;	 sp;	 sp;	9,10	 sp;	

&nbs p;		Process Indicators				Output Indicators				Outcome Indicators			
Coun try	(AI-1) V alue of si gne d irr igati on f easi bilit y and desi gn c ontr acts (US D)	(AI-2) P erce nt di sbur sed of ir riga tion feasi bilit y and desi gn c ontr acts	(AI-3) V alue of si gne d irr igati on c onst ructi on c ontr acts (US D)	(AI-4) P erce nt di sbur sed of ir riga tion cons tructi on c ontr acts	(AI-5) T emp orar y e mpl oym ent gen erat ed in irr igati on	(AI-6) F arm ers t rain ed	(AI-7) E nter pris es a ssist ed	(AI-8) H ecta res und er i mpr ove d irr igati on	(AI-9) Loa n bo rrow ers	(AI-10) Valu e of agri cult ural and rural loan s (U SD)	(AI-11) F arm ers who hav e ap plie d im prov ed p racti ces as a resu lt of train ing	(AI-12) Hecta res und er i mpr ove d p racti ces as a resu lt of train ing	(AI-13) Ente rpris es that hav e ap plie d im prov ed t ech niqu es
agua	000	0%			sp;	4	sp;	sp;	sp;	sp;	4	sp;	
Mada gasc ar	&nb sp;	&nb sp;	&nb sp;	&nb sp;	&nb sp;	31,3 66	324	&nb sp;	&nb sp;	1,10 0,0 00	1,89 2	&nb sp;	1
Moza mbiq ue	&nb sp;	&nb sp;	&nb sp;	&nb sp;	&nb sp;	28,8 30	160	&nb sp;	&nb sp;	&nb sp;	&nb sp;	&nb sp;	&nb sp;
Nami bia	&nb sp;	&nb sp;	&nb sp;	&nb sp;	&nb sp;	7,78 7		&nb sp;	&nb sp;	&nb sp;	&nb sp;	&nb sp;	&nb sp;
Burki na Faso	11,311 ,418	81.4 %	57,1 41,01 2	59.8 %	&nb sp;	6,92 4	255	625	96	10,0 00, 000	3,82 4	&nb sp;	&nb sp;
Cabo Verd e l	&nb sp;	&nb sp;	5,16 7,84 8	97.6 %	&nb sp;	553		13		617, 000	106	&nb sp;	&nb sp;
Ghan a	5,20 2,88 7	100. 0%	13,0 09,9 63	100. 0%	&nb sp;	66,9 30	1,72 4	514		16,7 40,7 62	59,0 60		535
Mali	9,07 7,22 0	98.2 %	148, 951, 503	98.3 %	&nb sp;	1,30 8		97,5 03		500, 000	801	&nb sp;	&nb sp;
Moro	18,9	100.	108,	92.0	&nb	23,2	114	19,3	-	-	-	36,2	114

 p; Country	Process Indicators					Output Indicators				Outcome Indicators			
	(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loans borrowed	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques
cco	49,079	0%	017,501	%	sp;	80		93				99	
Senegal	9,157,819	46.5%	152,486,112	13.9%	 sp;	 sp;	 sp;	20,929.48	 sp;	 sp;	 sp;	 sp;	 sp;
Gender*	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;	 sp;
Female	 sp;	 sp;	 sp;	 sp;	 sp;	36,773	69	 sp;	111	157,970	9,342	 sp;	3
Male	 sp;	 sp;	 sp;	 sp;	 sp;	71,104	268	 sp;	1,015	4,275,605	21,748	 sp;	17

All program data are as of September 10, 2013. Data are preliminary and subject to adjustment. All financial data is of June 2013.

*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

- (AI-1) Value of signed irrigation feasibility and design contracts: The value of all signed feasibility, design, and environmental contracts, including resettlement action plans, for agricultural irrigation investments using 609(g) and compact funds.
- (AI-2) Percent disbursed of irrigation feasibility and design contracts: The total amount of all signed feasibility, design, and environmental contracts, including resettlement action plans, for agricultural irrigation investments

 p; Country	Process Indicators					Output Indicators				Outcome Indicators			
Country	(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loan borrowers	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques

disbursed divided by the total value of all signed contracts.

- (AI-3) Value of signed irrigation construction contracts: The value of all signed construction contracts for agricultural irrigation investments using compact funds.
- (AI-4) Percent disbursed of irrigation construction contracts: The total amount of all signed construction contracts for agricultural irrigation investments disbursed divided by the total value of all signed contracts.
- (AI-5) Temporary employment generated in irrigation: The number of people temporarily employed or contracted by MCA-contracted construction companies to work on construction of irrigation systems.
- (AI-6) Farmers trained: The number of primary sector producers (farmers, ranchers, fishermen, and other primary sector producers) receiving technical assistance or participating in a training session (on improved production techniques and technologies, including post-harvest interventions, developing business, financial, or marketing planning, accessing credit or finance, or accessing input and output markets).
- (AI-7) Enterprises assisted: The number of enterprises; producer, processing, and marketing organizations; water users, trade, and business associations; and community-based organizations receiving assistance.
- (AI-8) Hectares under improved irrigation: The number of hectares served by existing or new irrigation infrastructure that are either rehabilitated or constructed with MCC funding.
- (AI-9) Loan borrowers: The number of borrowers (primary sector producers, rural entrepreneurs, and associations) who access loans for on-farm, off-farm, and rural investment through MCC financial assistance.
- (AI-10) Value of agricultural and rural loans: The value of agricultural loans and rural loans disbursed for on-farm, off-farm, and rural investments.

&nbs p; Country	Process Indicators					Output Indicators				Outcome Indicators			
Country	(AI-1) Value of signed irrigation feasibility and design contracts (USD)	(AI-2) Percent disbursed of irrigation feasibility and design contracts	(AI-3) Value of signed irrigation construction contracts (USD)	(AI-4) Percent disbursed of irrigation construction contracts	(AI-5) Temporary employment generated in irrigation	(AI-6) Farmers trained	(AI-7) Enterprises assisted	(AI-8) Hectares under improved irrigation	(AI-9) Loans borrowed	(AI-10) Value of agricultural and rural loans (USD)	(AI-11) Farmers who have applied improved practices as a result of training	(AI-12) Hectares under improved practices as a result of training	(AI-13) Enterprises that have applied improved techniques
<ul style="list-style-type: none"> • (AI-11) Farmers who have applied improved practices as a result of training: The number of primary sector producers (farmers, ranchers, fishermen, and other primary sector producers) that are applying new production or managerial techniques introduced or supported by MCC training or technical assistance, such as input use, production techniques, irrigation practices, post-harvest treatment, farm management techniques, or marketing strategies. • (AI-12) Hectares under improved practices as a result of training: The number of hectares on which farmers are applying new production or managerial techniques introduced or supported by MCC, such as input use, production techniques, irrigation practices, post-harvest treatment, farm management techniques, or marketing strategies. • (AI-13) Enterprises that have applied improved techniques: The number of rural enterprises; producer, processing, and marketing organizations; water users associations; trade and business associations; and community-based organizations that are applying managerial or processing techniques introduced or supported by MCC. 													

Education Common Indicators

 	Process Indicators		Output Indicators			Outcome Indicators		
Country	(E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts (USD)	(E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts	(E-3) Legal, financial, and policy reforms adopted	(E-4) Educational facilities constructed or rehabilitated	(E-5) Instructors trained	(E-6) Students participating in MCC-supported education activities	(E-7) Graduates from MCC-supported education activities	(E-8) Employed graduates of MCC-supported education activities
MCC Total	174,316,667	84.3%	5	845	2,790	211,127	24,305	176
El Salvador	10,217,104	99.8%		22	377	30,632	4,285	
Mongolia	28,179,328	97.6%	5	18	 	 	 	176
Namibia	89,980,756	70.5%	 	29	 	1,049	130	
Burkina Faso	22,758,211	99.9%	 	396	557	35,909	4,035	
Ghana	18,689,747	100.0%	 	250		41,019		
Morocco	4,491,521	100.0%	 	130	1,856	102,518	15,855	
Gender*	 	 	 	 	 	 	 	
Female	 	 	 	 	1,388	72,394	11,206	98
Male	 	 	 	 	1,025	58,383	4,649	78
All program data as September 10, 2013. Data are preliminary and subject to adjustment. Indicators in this Results Framework may be added, removed, or modified as MCC's investments in education evolve over time. All MCC education programs have as their long-term end goal an increase in individual or household income and a corresponding decrease in poverty. All financial information is of June 2013.								

 	Process Indicators			Output Indicators			Outcome Indicators		
Country	(E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts (USD)	(E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts	(E-3) Legal, financial, and policy reforms adopted	(E-4) Educational facilities constructed or rehabilitated	(E-5) Instructors trained	(E-6) Students participating in MCC-supported education activities	(E-7) Graduates from MCC-supported education activities	(E-8) Employed graduates of MCC-supported education activities	

*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

- (E-1) Value of signed educational facility construction, rehabilitation, and equipping contracts: The value of all signed construction contracts for educational facility construction, rehabilitation, or equipping (e.g. information technology, desks and chairs, electricity and lighting, water systems, latrines) using compact funds.
- (E-2) Percent disbursed of educational facility construction, rehabilitation, and equipping contracts: The total amount of all signed construction contracts for education facility works or equipping divided by the total value of all signed contracts.
- (E-3) Legal, financial, and policy reforms adopted: The number of reforms adopted by the public sector attributable to compact support that increase the education sector's capacity to improve access, quality, and/or relevance of education at any level, from primary to post-secondary.
- (E-4) Educational facilities constructed or rehabilitated: The number of educational facilities constructed or rehabilitated according to standards stipulated in MCA contracts signed with implementers.
- (E-5) Instructors trained: The number of classroom instructors who complete MCC-supported training focused on instructional quality as defined by the compact training activity.
- (E-6) Students participating in MCC-supported education activities: The number of students enrolled or participating in MCC-supported educational schooling programs.
- (E-7) Graduates from MCC-supported education activities: The number of students graduating from the highest grade (year) for that educational level in MCC-supported education schooling programs.
- (E-8) Employed graduates of MCC-supported education activities: The number of MCC-supported training program graduates employed in their field of study within one year after graduation.

Land Common Indicators

 	Output Indicators						Outcome Indicators	
Country	(L-1) Legal and regulatory reforms adopted	(L-2) Land administration offices established or upgraded	(L-3) Stakeholders trained	(L-4) Conflicts successfully mediated	(L-5) Parcels corrected or incorporated in land system	(L-6) Land rights formalized	(L-7) Percentage change in time for property transactions	(L-8) Percentage change in cost for property transactions
MCC Total	79	169	27,022	12,374	220,883	187,003	 	
Mongolia	6	15	1,586	10,639	18,336	19,651	 	
Nicaragua	 	8	1,610	 	 	 	 	
Lesotho	10	1	563	155	44,697	13,081	-93	
Madagascar	4	115	12,216	 	 	 	 	
Mozambique	 	26	1,516	 	151,689	151,689	 	
Namibia	 	 	1,549	 	6,160	2,581	 	
Benin	1	 	50	 	 	 	 	
Burkina Faso	54	 	6,151	1,580	1	1	 	
Cabo Verde II	 	 	 	 	 	 	 	
Ghana	4	3	427	 	 	 	 	
Mali	 	1	1,354	 	 	 	 	
Senegal	 	 	 	 	 	 	 	
Gender*	 	 	 	 	 	 	 	
Male	 	 	8,774	 	 	79,237	 	
Female	 	 	2,028	 	 	53,963	 	
Joint	 	 	 	 	 	18,489	 	
Location	 	 	 	 	 	 	 	

 	Output Indicators						Outcome Indicators	
Country	(L-1) Legal and regulatory reforms adopted	(L-2) Land administration offices established or upgraded	(L-3) Stakeholders trained	(L-4) Conflicts successfully mediated	(L-5) Parcels corrected or incorporated in land system	(L-6) Land rights formalized	(L-7) Percentage change in time for property transactions	(L-8) Percentage change in cost for property transactions
Urban	 	 	 	 	142,285	142,285	 	
Rural	 	 	 	 	9,404	9,404	 	

All program data are as of September 10, 2013. Data are preliminary and subject to adjustment. All financial data is of June 2013.

*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

- (L-1) Legal and regulatory reforms adopted: The number of specific pieces of legislation or implementing regulations adopted by the compact country and attributable to compact support.
- (L-2) Land administration offices established or upgraded: The number of land administration and service offices or other related facilities that the project physically establishes or upgrades.
- (L-3) Stakeholders trained: The number of public officials, traditional authorities, project beneficiaries and representatives of the private sector, receiving formal on-the-job land training or technical assistance regarding registration, surveying, conflict resolution, land allocation, land use planning, land legislation, land management or new technologies.
- (L-4) Conflicts successfully mediated: The number of disputed land and property rights cases that have been resolved by local authorities, contractors, mediators or courts with compact support.
- (L-5) Parcels corrected or incorporated in land system: The number of parcels with relevant parcel information corrected or newly incorporated into an official land information system (whether a system for the property registry, cadastre or an integrated system).
- (L-6) Land rights formalized: The number of household, commercial and other legal entities (e.g., NGOs, churches, hospitals) receiving formal recognition of ownership and/or use rights through certificates, titles, leases, or other recorded documentation by government institutions or traditional authorities at national or local levels.
- (L-7) Percentage change in time for property transactions: The average percentage change in number of days for an individual or company to conduct a property transaction within the formal system.
- (L-8) Percentage change in cost for property transactions: The average

 	Output Indicators						Outcome Indicators	
Country	(L-1) Legal and regulatory reforms adopted	(L-2) Land administration offices established or upgraded	(L-3) Stakeholders trained	(L-4) Conflicts successfully mediated	(L-5) Parcels corrected or incorporated in land system	(L-6) Land rights formalized	(L-7) Percentage change in time for property transactions	(L-8) Percentage change in cost for property transactions
percentage change in US Dollars of out of pocket cost for an individual or company to conduct a property transaction within the formal system.								

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Roads Common Indicators

Country	Process Indicators							Output Indicators	Outcome Indicators		
	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under construction	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
MCC Total	142,024,053	85.5%	4,649	2,347,913,411	66.1%	3,939	6,898	2,106	&nbs p;	&nbs p;	&nbs p;
Armenia	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	24.4	&nbs p;	24.4	3.47	735	&nbs p;
El Salvador	17,854,906	97%	223	230,436,425	96%	223.0	&nbs p;	223.32	&nbs p;	&nbs p;	&nbs p;
Georgia	11,980,000	99%	220.2	197,299,030	100%	220.2	&nbs p;	217.90	1.50	1,092	&nbs p;
Honduras	9,500,000	75%	672	184,500,000	70%	671.8	&nbs p;	610.10	&nbs p;	&nbs p;	&nbs p;
Moldova	&nbs p;	&nbs p;	93	92,741,648	24%	93.0	669		&nbs p;	&nbs p;	&nbs p;
Mongolia	6,083,650	89%	19.3	65,762,513	70%	176.4	&nbs p;	176.40	1.90	&nbs p;	&nbs p;
Nicaragua	6,900,000	100%	375.5	56,507,526	100%	74.0	&nbs p;	74.0	&nbs p;	&nbs p;	&nbs p;

Country	Process Indicators							Output Indicators	Outcome Indicators		
	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under construction	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
Philippines	15,023,359	94%	222	193,482,524	8%	222.0	 p;	 p;	 p;	 p;	 p;
Vanuatu	5,300,000	100%	150	54,700,000	97%	149.7	 p;	149.70	3.00	368	 p;
Mozambique	17,448,527	75%	253	133,066,045	72%	253.0	2,308		 p;	 p;	 p;
Tanzania	20,943,331	102%	473	410,281,613	85%	468.34	3,921	65.14	 p;	 p;	 p;
Burkina Faso	8,339,651	65%	536	140,205,145	35%	420.4	 p;	 p;	 p;	 p;	 p;
Cabo Verde	3,520,000	92%	63	24,280,000	100%	40.6	 p;	40.60	2.00	 p;	 p;
Ghana	4,547,635	100%	943	250,604,022	100%	446.4	 p;	445.18	 p;	 p;	 p;
Mali	9,077,220	44%	0	42,918,038	35%	81.0	 p;	79.00	 p;	 p;	 p;

Country	Process Indicators							Output Indicators	Outcome Indicators		
	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under construction	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
Senegal	5,505,775	33%	406	271,128,882	10%	375.0	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;
Gender*	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;
Male	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	6264	&nbs p;	&nbs p;	&nbs p;	&nbs p;
Female	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	634	&nbs p;	&nbs p;	&nbs p;	&nbs p;
Road Type	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;	&nbs p;
Primary	72,534,239	&nbs p;	2,044	1,537,919,038	&nbs p;	1837.9	&nbs p;	552.60	&nbs p;	&nbs p;	&nbs p;
Secondary	24,523,359	&nbs p;	894	377,982,524	&nbs p;	894	&nbs p;	610.00	&nbs p;	&nbs p;	&nbs p;
Tertiary	10,918,820	&nbs p;	902	142,014,736	&nbs p;	643	&nbs p;	460.84	&nbs p;	&nbs p;	&nbs p;
<p>All program data are as of September 10, 2013. Data are preliminary and subject to adjustment. All financial data is of June 2013.</p> <p>*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.</p>											

 ;	Process Indicators							Output Indicators	Outcome Indicators		
Country	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under works contracts	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
<ul style="list-style-type: none"> • (R-1) Value of signed road feasibility and design contracts: The value of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and compact funds. • (R-2.1) Value disbursed of road feasibility and design contracts: The value disbursed of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments using 609(g) and compact funds. • (R-2) Percent disbursed of road feasibility and design contracts: The total amount of all signed feasibility, design, and environmental contracts, including resettlement action plans, for road investments disbursed divided by the total value of all signed contracts. • (R-3) Kilometers of roads under design: The length of roads in kilometers under design contracts. This includes designs for building new roads and reconstructing, rehabilitating, resurfacing or upgrading existing roads. • (R-4) Value of signed road construction contracts: The value of all signed construction contracts for new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads using compact funds. • (R-5.1) Value disbursed of roads construction contracts: The value disbursed of all signed construction contracts for new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads. • (R-5) Percent disbursed of road construction contracts: The total amount of all signed construction contracts for new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads disbursed divided by the total value of all signed contracts. • (R-6) Kilometers of roads under works contracts: The length of roads in kilometers under works contracts for construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads. • (R-7) Temporary employment generated in road construction: The number 											

 ;	Process Indicators							Output Indicators	Outcome Indicators		
Country	(R-1) Value of signed road feasibility and design contracts	(R-2) Percent disbursed of road feasibility and design contracts	(R-3) Kilometers of roads under design	(R-4) Value of signed road construction contracts	(R-5) Percent disbursed of road construction contracts	(R-6) Kilometers of roads under construction	(R-7) Temporary employment generated in road construction	(R-8) Kilometers of roads completed	(R-9) Roughness	(R-10) Average annual daily traffic	(R-11) Road traffic fatalities
<p>of people temporarily employed or contracted by MCA-contracted construction companies to work on construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads.</p> <ul style="list-style-type: none"> • (R-8) Kilometers of roads completed: The length of roads in kilometers on which construction of new roads or reconstruction, rehabilitation, resurfacing or upgrading of existing roads is complete (certificates handed over and approved). • (R-9) Roughness: The measure of the roughness of the road surface, in meters of height per kilometer of distance traveled. • (R-10) Average annual daily traffic: The average number and type of vehicles per day, averaged over different times (day and night) and over different seasons to arrive at an annualized daily average. • (R-11) Road traffic fatalities: The number of road traffic fatalities per year on roads constructed, rehabilitated or improved with MCC funding. 											

&nbsp;

Water Supply, Sanitation and Hygiene Common Indicators

	Process Indicators	Output Indicators

Country	(WS-1) Value of signed water and sani tation fe asibility and design contract s (USD)	(WS-2) Percent disburse d of water and sani tation fe asibility and design contract s	(WS-3) Value of signed water and sani tation co nstruction contract s (USD)	(WS-4) Percent disburse d of water and sani tation co nstruction contract s	(WS-5) Tempora ry emplo yment g enerated in water and sani tation co nstruction	(WS-6) People trained in hygiene and sanitary best practice s	(WS-7) Water points c onstruct ed
MCC Total	48,172,136	118.5%	504,464,008	61.0%	11,301	11,754	1,138
El Salvador	6,484,687	95.9%	10,489,711	96.0%		2,406	
Georgia	266,865	100.0%	54,315,000	94.2%			
Jordan			162,909,719	25.4%	347		
Lesotho	4,464,586	298.9%	46,583,053	68%	8,263	170	132
Mozambi que	28,619,570	100.9%	170,813,263	72.3%	2,276	8,400	614
Tanzania	6,861,280	100.5%	45,403,796	78.9%	415		
Ghana	1,475,148	100.0%	13,949,465	100.0%	-	778	392
Cabo Verde II	1,701,667	0.8%					
Gender*							
Female					200	5,473	
Male					2,076	5,333	

All program data are as of September 10, 2013. Data are preliminary and subject to adjustment. All financial data is of June 2013.

*Gender totals may not match overall totals due to lack of gender counting in earlier compacts.

- (WS-1) Value of signed water and sanitation feasibility and design contracts:
The value of all signed feasibility, design, and environmental contracts,

	Process Indicators					Output Indicators	
Country	(WS-1) Value of signed water and sani tation fe asibility and design contract s (USD)	(WS-2) Percent disburse d of water and sani tation fe asibility and design contract s	(WS-3) Value of signed water and sani tation co nstructio n contract s (USD)	(WS-4) Percent disburse d of water and sani tation co nstructio n contract s	(WS-5) Tempora ry emplo yment g enerated in water and sani tation co nstructio n	(WS-6) People trained in hygiene and sanitary best practice s	(WS-7) Water points c onstruct ed

including resettlement action plans, for water and sanitation investments using 609(g) and compact funds.

- (WS-2) Percent disbursed of water and sanitation feasibility and design contracts: The total amount of all signed feasibility, design, and environmental contracts, including resettlement action plans, for water and sanitation investments disbursed divided by the total value of all signed contracts.
- (WS-3) Value of signed water and sanitation construction contracts: The value of all signed construction contracts for reconstruction, rehabilitation, or upgrading of water and sanitation works using compact funds.
- (WS-4) Percent disbursed of water and sanitation construction contracts: The total amount of all signed construction contracts for construction, reconstruction, rehabilitation, or upgrading of water and sanitation works disbursed divided by the total value of all signed contracts.
- (WS-5) Temporary employment generated in water and sanitation construction: The number of people temporarily employed or contracted by MCA-contracted construction companies to work on construction of water or sanitation systems.
- (WS-6) People trained in hygiene and sanitary best practices: The number of people who have completed training on hygiene and sanitary practices that block the fecal-oral transmission route.
- (WS-7) Water points constructed: The number of non-networked, stand-alone water supply systems constructed, such as: protected dug wells, tube-wells / boreholes, protected natural springs and rainwater harvesting / catchment systems.
- (WS-8) Non revenue water: The difference between water supplied and water sold (i.e. volume of water “lost”) expressed as a percentage of water supplied.
- (WS-9) Continuity of service: Average hours of service per day for water supply.
- (WS-10) Operating cost coverage: Total annual operational revenues divided by total annual operating costs.
- (WS-11) Volume of water produced: Total volume of water produced in cubic meters per day for the service area, i.e. leaving treatment works operated by the utility and purchased treated water, if any.
- (WS-12) Access to improved water supply: The percentage of households in

	Process Indicators					Output Indicators	
Country	(WS-1) Value of signed water and sani tation fe asibility and design contract s (USD)	(WS-2) Percent disburse d of water and sani tation fe asibility and design contract s	(WS-3) Value of signed water and sani tation co nstructio n contract s (USD)	(WS-4) Percent disburse d of water and sani tation co nstructio n contract s	(WS-5) Tempora ry emplo yment g enerated in water and sani tation co nstructio n	(WS-6) People trained in hygiene and sanitary best practice s	(WS-7) Water points c onstruct ed

the MCC project area whose main source of drinking water is a private piped connection (into dwelling or yard), public tap/standpipe, tube-well, protected dug well, protected spring or rainwater.

- (WS-13) Access to improved sanitation: The percentage of households in the MCC project area who get access to and use an improved sanitation facility such as flush toilet to a piped sewer system, flush toilet to a septic tank, flush or pour flush toilet to a pit, composting toilet, ventilated improved pit latrine or pit latrine with slab and cover.
- (WS-14) Residential water consumption: The average water consumption in liters per person per day.
- (WS-15) Industrial/Commercial water consumption: The average amount of commercial water consumed measured in cubic meters per month.
- (WS-16) Incidence of diarrhea: The percentage of individuals reported as having diarrhea in the two weeks preceding the survey.

Water Supply, Sanitation and Hygiene Common Indicators: (cont.)

Outcome Indicators											
Country	(WS-8) Non r even ue water	(WS-9) C ontin uity of se rvice	(WS-10) O perat ing cost cove rage	(WS-11) V olum e of water pro duce d**	Resi denti al po pulati on c onne cted to sewe r syst em**	Resi denti al po pulati on**	(WS-12) A ccess to im prov ed water sup ply	(WS-13) A ccess to im prov ed sa nitati on	(WS-14) R eside ntial water con sump tion*	(WS-15) In dustr ial/C omm ercial water con sump tion*	(WS-16) In ciden ce of diarr hea**

MCC Total				196,325,000					190	1,001,430	8.0%
El Salvador							83%	88%			
Georgia											
Jordan	53.8%		85%					72%			
Lesotho	30.0%										
Mozambique											
Tanzania	37.7%		114%	196,325,000					172	1,000,746	
Ghana			3%						18	684	8.0%
Cabo Verde Il									16	19,004	

** This is a monitoring indicator; any change over baseline data represents the current trend and does not represent the direct impact of the MCC investment.

Appendix B — MCC’s Data-Led Country Selection Process

The Millennium Challenge Corp. works with countries committed to good policy performance as determined by the MCC Board of Directors, which consists of five government officials—the Secretary of State, Secretary of the Treasury, U.S. Trade Representative, USAID Administrator and MCC’s Chief Executive Officer—and four non-governmental members appointed by the President with the advice and consent of the U.S. Senate.

Each year, the Board uses an evidence-based decision making process to select countries as eligible to develop a proposal for MCC assistance. To help guide this process, MCC uses a “scorecard” of transparent, objective criteria to evaluate potential partner countries based largely on how they perform on 20 third-party, publicly available policy performance indicators. The indicators are made up of verifiable sources and are used to identify countries with policy environments that will allow MCC funding to be effective. The indicators serve as best available proxy evaluators of policy performance in three areas—Ruling Justly, Investing in People, and Encouraging Economic Freedom. Every November, MCC releases its annual scorebook, which lists how low income and low middle income countries performed on the 20 indicators.

When choosing country partners, the Board, by law, also takes into consideration the opportunity to reduce poverty and generate economic growth as well as funds available to MCC. When considering if a country should be eligible for a subsequent compact, the Board also looks at that country’s record implementing its first compact.

Supplemental Information

MCC’s annual country scorecards play a key role in the selection process, helping identify a country’s commitment to policy reform and good governance relative to its income peers. In addition, the Board considers whether any adjustments should be made for data gaps, data lags, or recent events since the indicators were published, as well as strengths or weaknesses in particular indicators. Where appropriate, the Board will take into account additional quantitative and qualitative information, such as evidence of a country’s commitment to fighting corruption, investments in human development outcomes, or poverty rates. The types of supplemental data and lists of sources can be found on the MCC website.⁶

For example, because fighting corruption is key to increasing economic growth, the Board may consider how a country is evaluated by supplemental sources such as Transparency International’s Corruption Perceptions Index, the Global Integrity Report, Open Government Partnership status, and the Extractive Industry Transparency Initiative, among others, in addition to the Control of Corruption indicator.

A key consideration for the Board is a potential partner country’s investment climate, and therefore the Board may consider supplemental information from public sources such as International Finance Corporation’s Investment Climate and Doing Business indicators; firm perceptions of constraints to business (World Economic Forum’s Global Competitiveness Report); net inflows of Foreign Direct

Investment; and the percentage of the economy in the informal sector supplied by the International Finance Corporation, International Monetary Fund and World Bank.

When weighing factors that could impact a compact's development or implementation of a compact the Board may also turn to the State Department's Trafficking in Persons Report; Freedom House's Countries at the Crossroads Report; the Economist Intelligence Unit; the Open Budget Index; World Bank reports on refugees; the Cingranelli-Richards Human Rights Database; and the State Department Human Rights Report.

If MCC has not worked with a country before, the Board may look to supplemental information to determine if that country has the capacity to develop or implement a compact. Information such as the percentage of World Bank projects reported as "at risk" due to delays; poor legal compliance; poor project management or financial performance; shortage of counterpart funds; procurement problems; environmental/resettlement problems; the Bertelsmann Foundation's assessment of political leadership's management of reform; the World Bank indicator of statistical practice, data collection and indicator availability; the IDA or regional development bank's assessment of policy/institutional factors and a country's capacity for dialogue with rural populations and civil society as measured by the International Fund for Agricultural Development and Bertelsmann Foundation.

Subsequent Compacts

MCC's founding legislation permits MCC to enter into one or more subsequent compacts, after completing a first compact. While this provision recognizes the reality that for poor countries, even the ones with the right policies in place, it takes decades of sustained growth to lift citizens out of poverty, MCC's relationship with countries is not and should not be open-ended. MCC's Board is particularly selective when determining eligibility for subsequent compacts. Of the fourteen countries that concluded compacts by the end of 2013, MCC's Board has only selected seven as eligible for a subsequent compact (Benin, Cape Verde, Georgia, Ghana, Lesotho, Morocco, Tanzania). In those cases, subsequent compacts were determined to play a pivotal role in the ability to reduce poverty, promote economic growth and provide opportunities for MCC and partner countries to explore more innovative approaches, including ways to leverage additional country resources as well as potential private sector investment.

In addition to good policy performance, countries must show meaningful progress toward achieving first compact results before being considered for a subsequent compact. To assess implementation of a prior compact, the Board considers the nature of the country partnership with MCC, the degree to which the country has demonstrated a commitment and capacity to achieve program results, and the degree to which the county has implemented the compact in accordance with MCC's core policies and standards. Details of how MCC measures implementation are outlined in MCC's Guide to the Indicators and the Selection Process, and the Guide to the Supplemental Information Sheet.⁷

Addressing Changes in Scorecard Performance

If, in a given year, a country in compact development does not pass the scorecard, MCC analyzes why the scorecard data changed, whether the changes can be connected to policy actions on the part of the

government, and what the partner government is doing to address the issue. MCC also engages with that country to determine what steps the country is taking to improve policy performance. If relevant, MCC may request a plan of action to address the specific policy issues identified by the scorecard. This gives the country an opportunity to demonstrate to MCC's leadership and Board of Directors that it is actively working to meet the eligibility criteria and demonstrate progress.

In some cases, the Board has decided to reselect countries that no longer pass the scorecard. This is because using cross national data sets means there are a number of mechanical reasons that countries may occasionally not pass the scorecard criteria. For example, countries that graduate from low income to the lower middle income category face increased competition on the indicators, which can result in them doing less well on the scorecard even if their actual performance has not worsened. However, MCC has also repeatedly demonstrated that it is willing to suspend or terminate country partnerships where poor performance or weakness on the scorecard is driven by meaningful policy declines.

Suspension from Compact Eligibility

Even after the MCC board has selected a country as eligible for compact assistance, MCC regularly reviews its partner countries' policy performance throughout the development and implementation period of a compact. As part of this review, MCC may engage in a policy dialogue with partner countries, coordinating with U.S. government colleagues at the State Department, USAID, OPIC, USTR, Commerce and U.S. embassies regarding the country's commitment and adherence to the MCC selection criteria. MCC also seeks input from non-governmental actors in Washington and in partner countries.

Because MCC assistance is conditioned on demonstrated good policy performance and MCC expects partner countries to be responsible for compact implementation and results, MCC can and will suspend or terminate MCA assistance before a compact is complete. The ability to "say no" to a country distinguishes MCC from many other bilateral and multilateral aid programs.

According to MCC's statute, a country may have its eligibility or assistance suspended or terminated if the country has engaged in activities contrary to the national security interests of the United States; engaged in a pattern of actions inconsistent with MCC's eligibility criteria; or failed to adhere to its responsibilities under an MCC compact agreement. MCC's Board terminated two compacts—with Madagascar and Mali—following military coups in each country. The Board has also suspended portions of other compacts in every region. MCC's Policy on Suspension and Termination describes the process and procedures that MCC follows.⁸

Appendix C — FY 2013 Annual Performance Report

In accordance with the Government Performance and Results Act of 1993 (GPRA) and the GPRA Modernization Act of 2010, MCC's FY 2013 Annual Performance Report (APR) is contained in Appendix C of the FY 2015 Congressional Budget Justification. MCC's Agency Financial Report for Fiscal Year 2013 has been produced separately and can be accessed at http://www.mcc.gov/documents/reports/report-fy13-afr_1.pdf. Additionally, pursuant to GPRA, MCC is in the process of developing a new strategic plan and anticipates releasing it during FY 2014.

The APR summarizes MCC's progress in achieving its annual corporate goals for FY 2013. Each goal relies on a number of milestones and targets, which MCC officials are available to discuss in further detail with congressional stakeholders upon request.

FY 2013 Annual Corporate Goals by Priority Theme

Differentiating the MCC Model

- **Secure new Threshold Program through strong implementation of policy reform.**

MCC designed the new Threshold Program to include a program development process based on deeper diagnostic studies and to produce targeted policy reform programs that address constraints to economic growth. These diagnostic studies are done in partnership between MCC and host country governments, drawing on expertise from other USG agencies and international experts, and involve extensive consultations with civil society and the private sector. The new Threshold Program also includes an increased level of country ownership, monitoring and evaluation and MCC oversight of the diagnostic, design and implementation processes. In FY 2013 MCC built a solid diagnostic base for the Honduras and Nepal Threshold Programs, completing in-depth due diligence work that can be used to develop future compacts should the countries attain compact eligibility. MCC also signed the first Threshold Program agreement under the new Threshold Program, a \$15.6 million program with the Government of Honduras. The Honduras Threshold Program places a strong emphasis on policy and institutional reform and country ownership, and will provide support to the government to undertake reforms to help improve government efficiency and effectiveness over three years.

- **Improve impact evaluation design and application during compact development, implementation and close-out.**

MCC evaluation practices have changed in the following way:

- Institutionalized formal review process for evaluations. The Monitoring and Evaluation unit is testing a formal review process that defines critical milestones in the evaluation cycle that require substantive review and clearance by key internal stakeholders. This review process also requires local stakeholder review of key evaluation documents in consultation with the evaluator prior to submission to MCC in order to provide feedback on feasibility of

proposed evaluation, as well as technical, and factual accuracy of evaluation documents. The formal review process is intended to ensure that evaluations are designed with stakeholder buy-in, are designed using the program logic, use appropriate methodologies for the timeframe of the expected results, and are flexible enough to adjust to changes in implementation.

- Established evaluation risk assessment. An Evaluation Risk Assessment Checklist has been developed and institutionalized by the Monitoring and Evaluation unit. The risk assessment checklist is reviewed by the M&E lead with M&E management. The risk assessment is intended to inform decision making and identify necessary course correction for more timely response to risk identification.
- Development and use of standardized evaluation templates. The Monitoring and Evaluation unit has developed standardized templates in order to provide guidance internally and to independent evaluators on expectations related to evaluation activities and products. These templates are intended to clarify and raise standards for evaluations by influencing the daily work of M&E staff and evaluators.
- Increased emphasis on a detailed understanding and assessment of the full program logic/theory of change. The milestones, checklists and templates being developed improve the documentation of the program logic motivating MCC investments, and they facilitate a more detailed and broadly shared understanding of this detailed logic. This greater detail enables more rigorous and convincing evidence assessing whether the program works as intended, and whether it achieves its intended objectives.

- **Adapt program design based on lessons from performance and impact evaluation.**

In 2013, the results of the first five impact evaluations were made public and discussed openly with MCC stakeholders and other donor institutions – demonstrating our commitment to both measure and share results and the learning associated with those results. And while the results were mixed from this first round of evaluations they have provided learning on how to do both projects and evaluations better and highlighted the importance of internal MCC components collaborating at all stages in the process to ensure successful evaluations but more importantly, well-designed projects that allow MCC to document and demonstrate results. The other overarching lesson has been the understanding and shift to design evaluations not just for accountability but for learning—so MCC can learn and understand not only what interventions worked or not, but more importantly why and what works best. As a result MCC is working on strengthening its collaborative team approach to developing and accessing the quality of program logic, program design, risks and assumptions, and accountability and learning metrics as part of the due diligence and project development, design, and evaluation process. More specifically as a result of lessons learned from the 2013 evaluations, MCC project operational practices have changed in the following way:

- Develop program logics early and revise as necessary. MCC now requires the formulation and revision of program logics from the concept note stage and throughout implementation. The program logic approach has been applied in the most recent cohort of compacts in development (Benin, Niger and Sierra Leone).
- Assess training and technical assistance programs critically. Mixed results on adoption

have led the MCC's Agriculture Practice group to re-examine the focus on farmer training as a main part of the solution to low productivity of the agriculture sector and has resulted on more concerted efforts to identify interventions across the value chain. If farmer training is considered, the duration, intensity and content of the training are more carefully examined and the benefits and challenges of reaching large number of beneficiaries are fully assessed. Equally important, the use of grants and starter kits has led to a review of practices across all compacts and to the development of new guidance.

- More carefully align interventions and beneficiaries. The importance of better aligning the beneficiaries of several activities in a project and the importance of discussing early in the process the targeted beneficiaries and the potential selection criteria are being applied to the new cohort of compacts.

- **Explore flexibilities within MCC's authorization and appropriation statutes to support new and innovative program concepts, such as cities as partners.**

In 2013, MCC conducted initial research into whether or not the range of global urban data that is presently publicly available would be sufficient to translate MCC's current country scorecard system to a city level. The research concluded that there is not yet sufficient data availability for MCC to create city-level scorecards that are otherwise identical to the current country scorecard.

Consequently, further research would need to examine what can be learned from the urban data that is available and whether that is a sufficient basis for selection oriented decisions. This may include examining what new data may become available in the near term, and whether research suggests that there are national level metrics that would be particularly relevant when contemplating urban investments.

MCC also began exploring how it might use innovative financing structures such as payment by result, cash on delivery aid or other performance-based aid mechanisms by which MCC would pay a partner country for measurable and verifiable progress on specific outcomes. Outcomes would reflect country priorities but allow partner countries flexibility in how to achieve the outcomes while MCC would pay only against final performance measures. MCC is working with technical experts and other donors who have piloted performance-based aid programs to better understand how it might apply them in forthcoming MCC compacts.

- **Develop model for social and gender inequality assessment.**

MCC has developed and piloted a new tool, the Initial Social and Gender Assessment (ISGA), to provide information on the country-specific social context and on the links among social inequality, poverty reduction and economic growth at the beginning of compact development. The ISGA both complements and contributes to the constraints to economic growth analysis. It has been piloted in compact development for Liberia, Morocco, Tanzania, and Sierra Leone and in Threshold Programs for Guatemala and Nepal. The guidance is now under revision so that an improved and better integrated approach can be used in Lesotho.

Communicating Information and Results

- **Develop and apply clear standards for MCC’s “continuum of results” reporting.**

MCC M&E staff continue to draw upon best monitoring practices to identify ways to improve results tracking. As part of this, MCC developed an evaluation tool and country teams began to assess evaluation of new projects to strengthen project design and program logic. MCC convened discussion sessions and training with Washington and country partners on how to strengthen program design, logic and ability to measure for results. MCC also hired two additional M&E staff to help implement clear standards for MCC’s “continuum of results” reporting across MCC’s country portfolio.

- **Implement outreach strategy to communicate evaluation results.**

In FY 2013, MCC released its first set of independent impact evaluations for farmer training activities in five countries. Impact evaluations are an important part of MCC’s evidence-based approach that uses data and evidence to improve MCC’s own decision making and inform broader development practice. In advance of the release of the first five impact evaluations, MCC invited policymakers and stakeholders to help analyze and share the results, and the agency produced an in-depth paper capturing the lessons. For each evaluation, MCC also posted on its website a summary of findings, agency response, design report, final evaluation report, peer reviews, and corresponding data. The agency’s rigorous and transparent approach was acknowledged by development experts at the World Bank, think tanks, NGOs and elsewhere.

MCC also completed compacts in Lesotho, Morocco, Mongolia, Mozambique, and Tanzania in FY 2013, which necessitated a comprehensive strategy to communicate results. The five compacts comprise more than \$2.5 billion in health, infrastructure, water and sanitation investments and are expected to benefit more than 12 million people over the next 20 years. To achieve this goal, MCC produced an online campaign highlighting success stories, videos, blogs, and slideshows in addition to public outreach events.

Managing, Sharing and Applying Knowledge

- **Implement knowledge management strategy and departmental action plans.**

Incorporate into practice where appropriate and track application of lessons learned from operations reviews, impact evaluations, etc.

MCC established a Knowledge Management Working Group (KMWG), which in turn developed a Knowledge Management Strategy and the first of the Knowledge Management Action Plans, both of which were approved by MCC management. The Strategy provides for efforts over a number of years, starting in FY 2013, to: (i) identify, assess, and categorize various forms of “knowledge” (including data, documents, records, anecdotal material, and human resources) across the agency, (ii) identify existing knowledge management and knowledge sharing platforms (IT-

based, hard copy, etc.), (iii) review challenges relating to accessibility of knowledge and mechanisms for sharing and developing knowledge as a working tool in the agency within MCC and between MCC and the MCAs, (iv) coordinate with various units across the agency (including both operational departments and OCIO) regarding prioritization of problems and identification of problem solutions affecting knowledge management, and (v) implement a phased program of steps to improve MCC's knowledge management and knowledge sharing capabilities. A number of related efforts, including MCC's participation in the Open Data initiative and adoption of new IT-based data collection and validation tools, have been conducted in parallel with the knowledge management activities as such. The KMWG is currently developing its second Action Plan, and new Plans are expected annually as the overall Strategy is implemented. In addition, a SharePoint site for knowledge management exchanges was established and several series of knowledge-sharing presentations and workshops, involving both internal and external personnel, were held. These knowledge management efforts will support the application of lessons learned from operations reviews, impact evaluations, and other sources to improve MCC compact development, implementation, and post-completion activities.

- **Improve accuracy, timeliness and accessibility of performance and financial data and information.**

MCC implemented a “databus” and the required reporting from it for performance and financial data. MCC also delivered a new release of the MCC Management Information System (MCC MIS formerly MIDAS) which facilitated more timely data collection analysis and reporting on compact operations and improved accuracy by eliminating manual data re-entry. MCC is continuing to focus on its internal data systems and making new data sets available to the public as part of MCC's open government plan. In 2015, MCC plans to release new performance and programmatic data sets to the public on a rolling basis. In addition, MCC is continuing to release enhancements to (MCC MIS to enhance internal data collection processes.

- **Implement [MCC MIS fixes and new functionality] roll-out in MCC and MCAs**

MCC MIS was deployed to MCAs in March 2013 and now MCC's quarterly data from the MCAs is being submitted and approved through the system. Additional enhancements are planned to enhance reporting capabilities for both the MCAs and MCC as well as to enhance some of the existing application components. MCC implemented fixes and additional functionality to the MCC MIS system as prioritized by stakeholders from across the enterprise. The data in MCC supports enterprise-wide data production for the International Aid Transparency Index, for use by an API to support Open Data as well as for processing transactional grant information and decision support.

- **Recognize staff participation in knowledge-sharing activities and implementation of best practices as part of performance reviews.**

MCC leadership encouraged knowledge-sharing and implementation of best practices among staff in a number of ways. In FY 2013, MCC finalized agency values, known as “CLEAR”: Embrace Collaboration | Always Learn | Practice Excellence | Be Accountable | Respect Individuals & Ideas.

A critical element on which employees were rated for FY 2013 was “Teamwork, Collaboration, and Professionalism”. A measure used to evaluate that critical element was “Is open to new ideas; shares own knowledge; applies knowledge in daily work; builds partnerships for learning and knowledge sharing.”

- **Support knowledge-sharing vehicles such as the Knowledge and Innovation Network (KIN) journal and the Principles into Practice series.**

In 2013, MCC launched the Knowledge and Innovation Network (KIN) technical journal. The KIN journal provides a platform for the technical staff of MCC, MCAs and partners to share ideas, innovations, lessons, and best practices from MCC investments with an eye on improving effectiveness and contributing international development learning. The first KIN journal focused on infrastructure and climate change; the second on local food security and global markets.

MCC also created a Principles into Practice series of papers designed to offer a frank look at what it takes to make MCC principles operational. Principles into Practice papers have covered topics including MCC focus on results; country ownership; property rights and land policy; impact evaluations of agriculture projects; and gender equality. The papers have helped MCC share its experience and expertise with the broader development community but producing the papers has itself forced coordinating and learning internally at MCC and across its portfolio.

Promoting Transparency of Information

- **Draft and implement a policy promoting public disclosure of MCC data and information in open and accessible format and monitor compliance.**
- **Rationalize reporting requirements across agency to increase accessibility and utility while avoiding duplication.**
- **Develop legal guidelines relating to data and information privacy, security and dissemination.**
- **Implement communications strategy to support open data.**

In October 2013, MCC ranked at the top of the international Aid Transparency Index, released by Publish What You Fund – The Global Campaign for Aid Transparency. The top ranking reflected MCC’s commitment and efforts to promote the transparency of information, including the activities above. MCC successfully developed an Open Data Catalogue which includes machine-readable datasets, descriptions of the datasets (dataset metadata) and tools that use the data.

Implementing Strategic Staffing

- **Integrate strategic staffing data and recommendations into agency program for managing human capital.**

In FY 2014, MCC will continue implementation of the TEAMS system to better plan and manage staffing of compact country teams. The system is being migrated to a SharePoint platform to limit maintenance costs as well as enable MCC to more easily make system adjustments. TEAMS allows MCC to do more strategic workforce planning, which is important as MCC seeks to achieve its mission in a tight fiscal environment.

- **Monitor and adjust country team size, composition and workload to optimize staff resources as compacts and projects evolve.**

MCC is completing a strategic workforce planning tool to allow operational managers to more quickly scale up or down team resources throughout MCC's compact lifecycle. In addition, MCC recently completed a staff realignment to provide more streamlined management for technical resources.

Ensuring Project Sustainability

- **Prioritize analysis of project sustainability in the compact and project justification process.**
- **Explore flexibilities relating to late stage and post-compact activities which will increase sustainability and project impact.**

In October 2012 an Operations Review (OR) was released which provided an overview of MCC's sustainability practices and presented several case studies from the MCC portfolio. In June 2013, the MCC Points of Contact practice group set out to build the Sustainability Operations Review with the goal of making practical, actionable recommendations that would ensure sustainability planning was playing an equally integral role across all MCC compacts in development, implementation and closure.

The practice group set up a workshop series situated around the five pillars of sustainability identified in the OR – financial, environmental, social and behavioral, policy and institutional. Through this set of workshops, MCC staff were invited to join the team in learning more about MCC's sustainability work, as well as that of other development organizations. In these sessions, the team agreed on definitions of the different pillars of sustainability, heard case studies from colleagues across the agency and identified recommendations that could be made to improve sustainability planning and reporting throughout the life of compacts. The practice group is currently working to draft an action memo to senior staff noting its recommendations, proposed definitions and next steps.

- **Implement new private sector strategy developed by Finance, Investment and Trade team.**

Implementation of the new private sector strategy has been spearheaded by a newly organized Finance, Investment and Trade team led by a newly appointed senior leader from the private

sector. The team has been organized with industry focus areas that reflect the development programs in the MCC portfolio and better enable communication with companies and other potential investors who operate in the relevant sectors. The team has made it a priority to broaden the dialogue with the private sector so there is a broader appreciation of the strategic opportunities that MCC is creating in emerging and frontier markets around the world in addition to the possible procurement opportunities that result from MCC's development work.

- **Pursue initiatives which have the potential to promote public-private cooperation to enhance sustainability (such as the “Thought + Action Partnership” concept).**

MCC's Finance, Investment and Trade team has developed new tools such as the Investment Opportunity Process (IOP). The IOP is now employed beginning early in compact development to identify and develop opportunities to promote private investment in and around MCC programs in order to enhance the economic impact and sustainability of MCC investments. These opportunities can take a variety of forms, including public-private partnerships, co-investment and parallel financing arrangements, credit enhancements, investment climate reforms, capacity-building projects or innovation facilities.

Addressing Organizational Challenges

- **Improve technology platforms to support business operations.**

MCC modernized hardware (e.g., laptops) and implemented wireless access to the MCC intranet and Web 2.0 Collaboration Platform (MS Sharepoint 2010). For OMB MAX, MCC implemented single sign-on and enhanced reporting. A prototype for human resource planning, allocation and tracking will support MCC's matrix management of compact operations. Also, MCC closed approximately 50 FISMA, Privacy and IT Governance weaknesses/audit findings.

- **Improve HR operations to facilitate rapid response to evolving business needs.**

Finalize guidelines on promotion policy and organizational constraints to promotion.

HR continues to develop tools, assessments, and processes to monitor and evaluate the results of its Talent Management policies, programs, and initiatives in order to identify and sustain employee strengths; as well as prioritize and address opportunities to improve employee readiness to respond to evolving business needs. The need for further guidelines for promotions is being considered in the context of retaining talent and incentivizing performance to respond to these needs.

- **Improve training and education opportunities, focusing on relevance and support Leadership Education and Development (LEAD) program.**

In light of a tight fiscal environment, HR is conducting an analysis of all MCC training programs

to determine the best value-add to the agency. Specifically for LEAD, after completion of the program, the LEAD Cohort's leadership competencies will be compared prior to and after the completion of the LEAD Program to ensure that the expected outcomes are realized.

- **Implement space utilization plan to optimize MCC budget requirements.**

As a result of a thorough space needs analysis and a competitive bidding process, MCC will lower its headquarters rent cost by \$30 million over the course of its new ten-year lease, which was signed in February 2014 and will begin on May 2015.

Endnotes

1. The table includes estimates for compacts that have entered into force and have ERRs from which income benefit calculations can be drawn. Information for Zambia is not yet available, and information for Indonesia is only available for one of the projects at this time.
2. These estimates do not include the projected beneficiaries of projects or activities that have been terminated or suspended by MCC (Madagascar, Honduras, Nicaragua, Mali, and Armenia). In the case of Madagascar, the estimates account for the compact's early termination.
3. The Present Value (PV) of Benefits is the sum of all projected benefits accruing over the life of the project, typically 20 years, evaluated at a 10% discount rate. Estimates are reported in millions of USD in the year that the ERR analysis was completed. Because the PV of benefits uses a discount rate, these figures cannot be compared directly to the undiscounted financial costs of MCC compacts, but must be compared to the PV of costs instead.
4. The benefit/cost ratio is calculated by dividing the PV of benefits by the PV of costs. The PV of costs is the sum of all projected compact costs evaluated at a 10% discount rate.
5. Column totals may not equal the sum of the individual rows due to rounding.
6. <http://1.usa.gov/18Qibjn>.
7. <http://www.mcc.gov/documents/reports/reference-2013001142401-fy14-guide-to-the-indicators.pdf> and <http://www.mcc.gov/documents/reports/report-2012001121001-fy13-selection-supplemental-info.pdf>
8. <http://www.mcc.gov/pages/about/policy/policy-on-suspension-and-termination>

Reducing Poverty Through Growth

